



The State of the Warren County Tourism Industry

Warren County Tourism

October 10, 2019

Hannah Smith

Senior Consultant, Consulting & Analytics



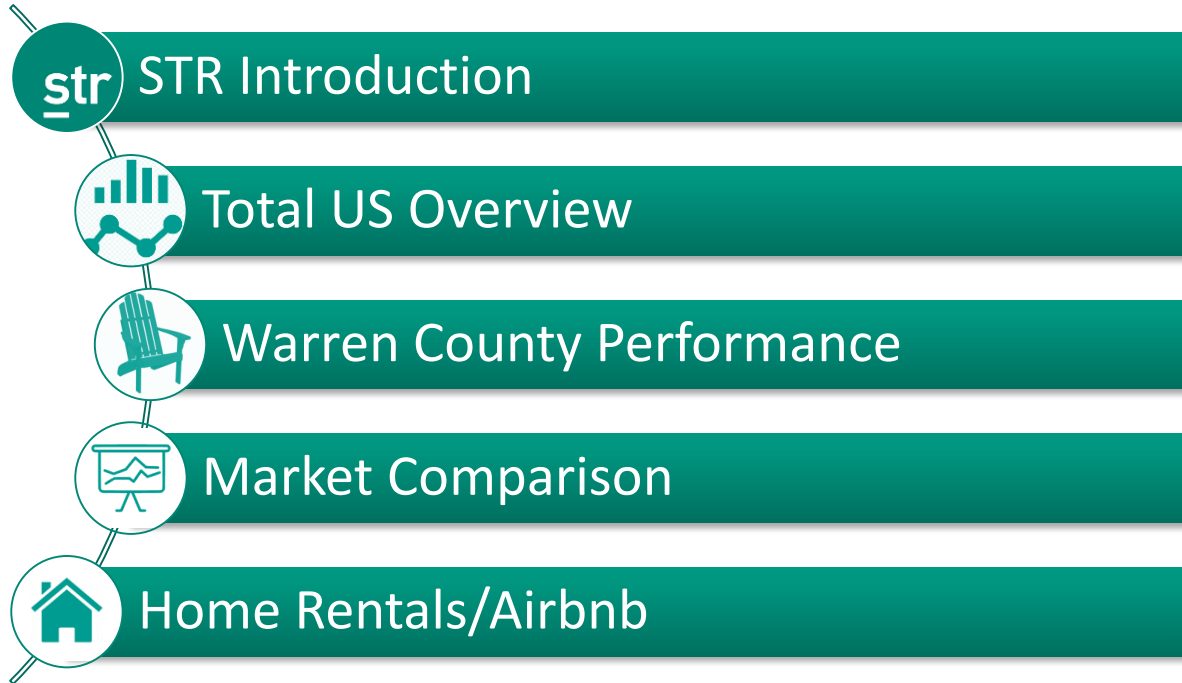
hsmith@str.com

© 2019 STR, Inc. All Rights Reserved.

Any reprint, use or republication of all or a part of this presentation without the prior written approval of STR, Inc. or STR Global, Ltd. trading as STR (collectively “STR”) is strictly prohibited. Any such reproduction shall specifically credit STR as the source. This presentation is based on data collected by STR. No strategic advice or marketing recommendation is intended or implied.

Benchmarking
↑ your world

Agenda





Introduction

STR, collecting data since 1985



66,000

hotel customers
globally (properties)



8.2 million
rooms on the platform



Data from
180 countries



Data Collected



Supply

- Existing
- Pipeline

Demand

- Group
- Transient
- Contract

Revenue

- Rooms
- F&B

Other

- P&L Statements
- Transactions

How STR Data is Used (not an exhaustive list)

STAR Report

Hotels compare their performance against their comp set

Trend Report

Hotel performance going back nearly 30 years

Segmentation Report

Group, Transient, Contract

Pipeline Report

New supply broken out by development phase

Census Report

Details for every known hotel in the world

HOST Report

Financial performance of groups of hotels

Custom Forecast

18-month or 5-year forecasts for any group of properties.

Bandwidth, RPM, and Pulse Reports

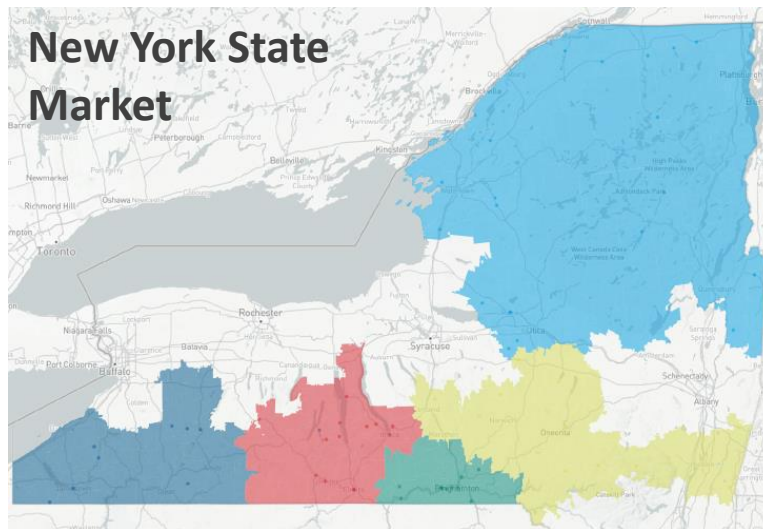
Moving beyond the average

Don't Currently Participate with STR?



Hotel Survey Report

- Compares your performance to the market
- 100% free of charge
- Online Platform



KPI Definitions



Occupancy = Rooms Sold / Rooms Available

- Percentage of rooms sold in a given time period
- Rooms Sold aka **Demand**, Rooms Available aka **Supply**

ADR = Rooms Revenue / Rooms Sold

- Average Daily Rate
- Represents average amount paid for one roomnight

RevPAR = Rooms Revenue / Rooms Available

- Revenue Per Available Room



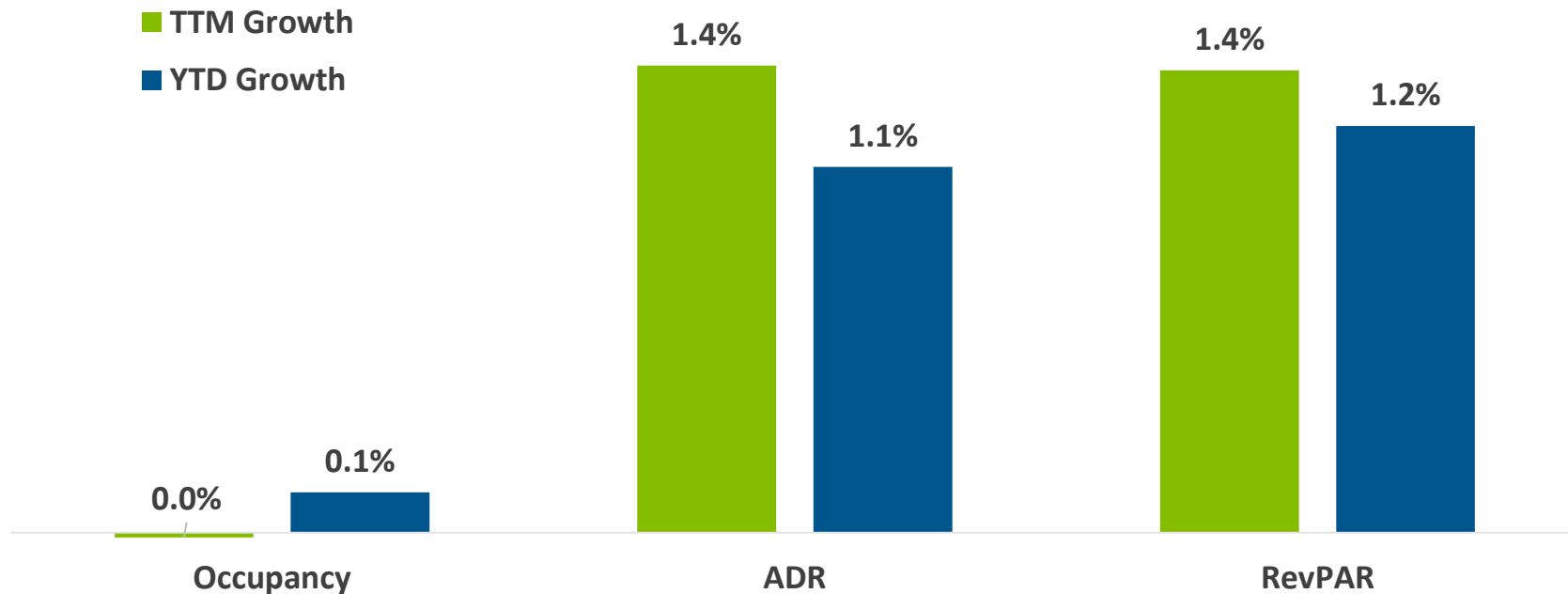
Total US Industry Overview

YTD: Little (or no growth) Story Continues

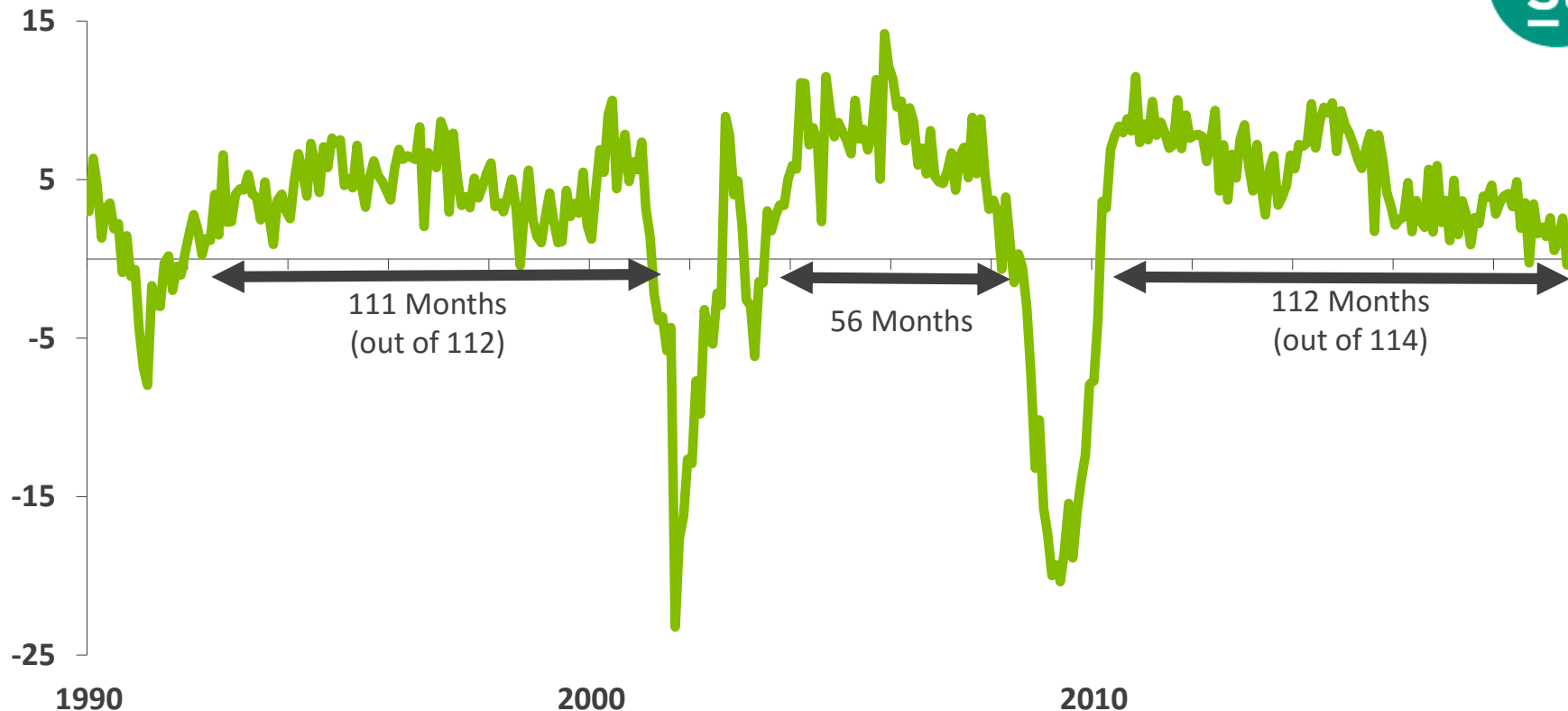


	Actual	% Change	
Room Supply		2.0%	▲
Room Demand		2.1%	▲
Occupancy	67.6%	0.1%	▲
ADR	\$132	1.1%	▲
RevPAR	\$90	1.2%	▲

ADR and RevPAR Growth Slowing YTD vs TTM

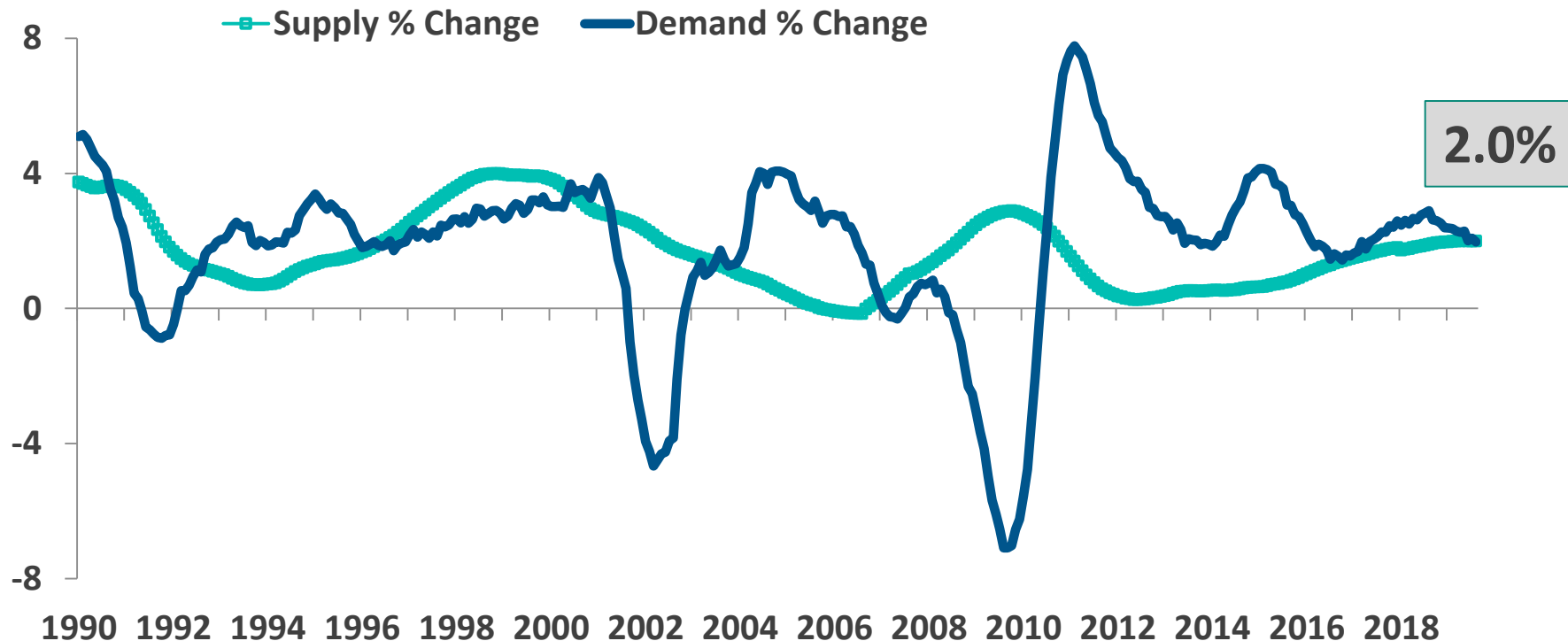


Longest RevPAR Upcycle (with two small interruptions)

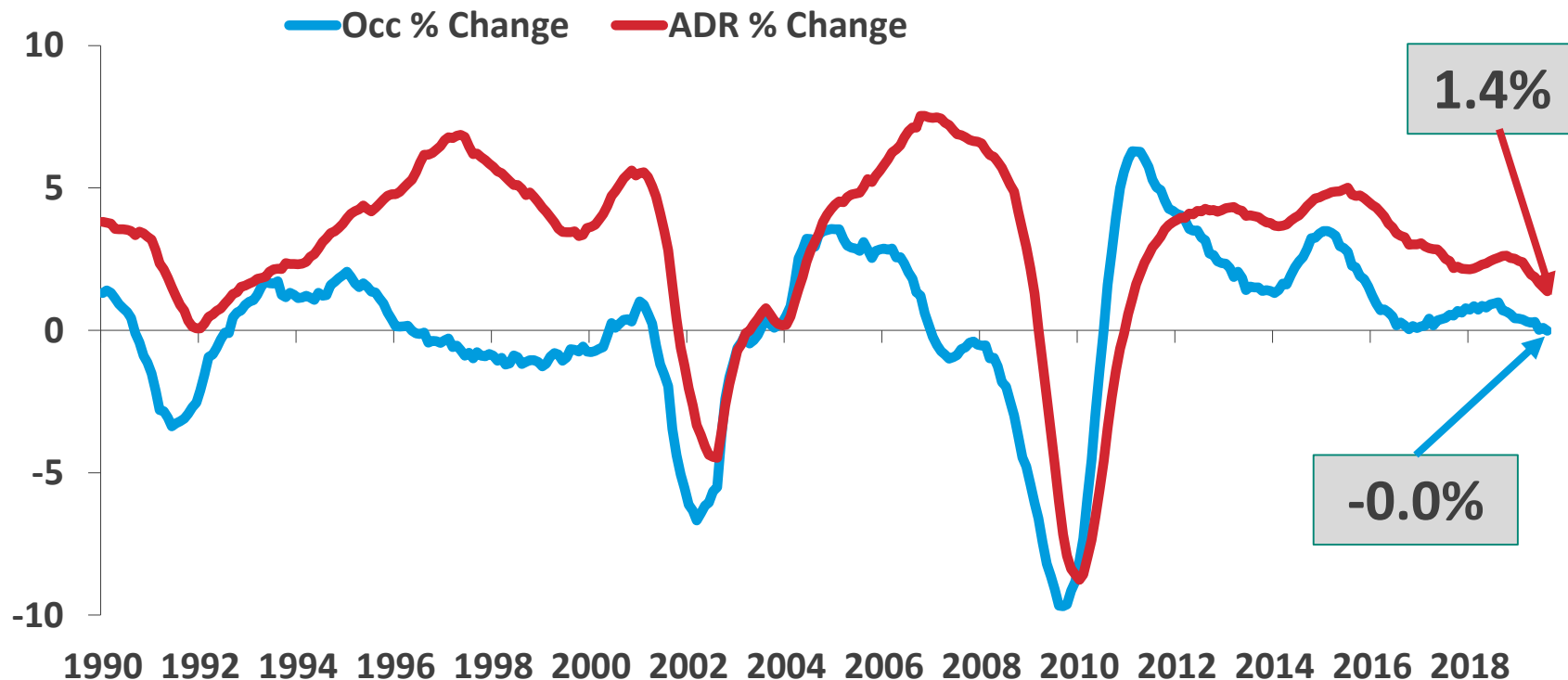


Total U.S., RevPAR % Change by month, January 1990 – August 2019

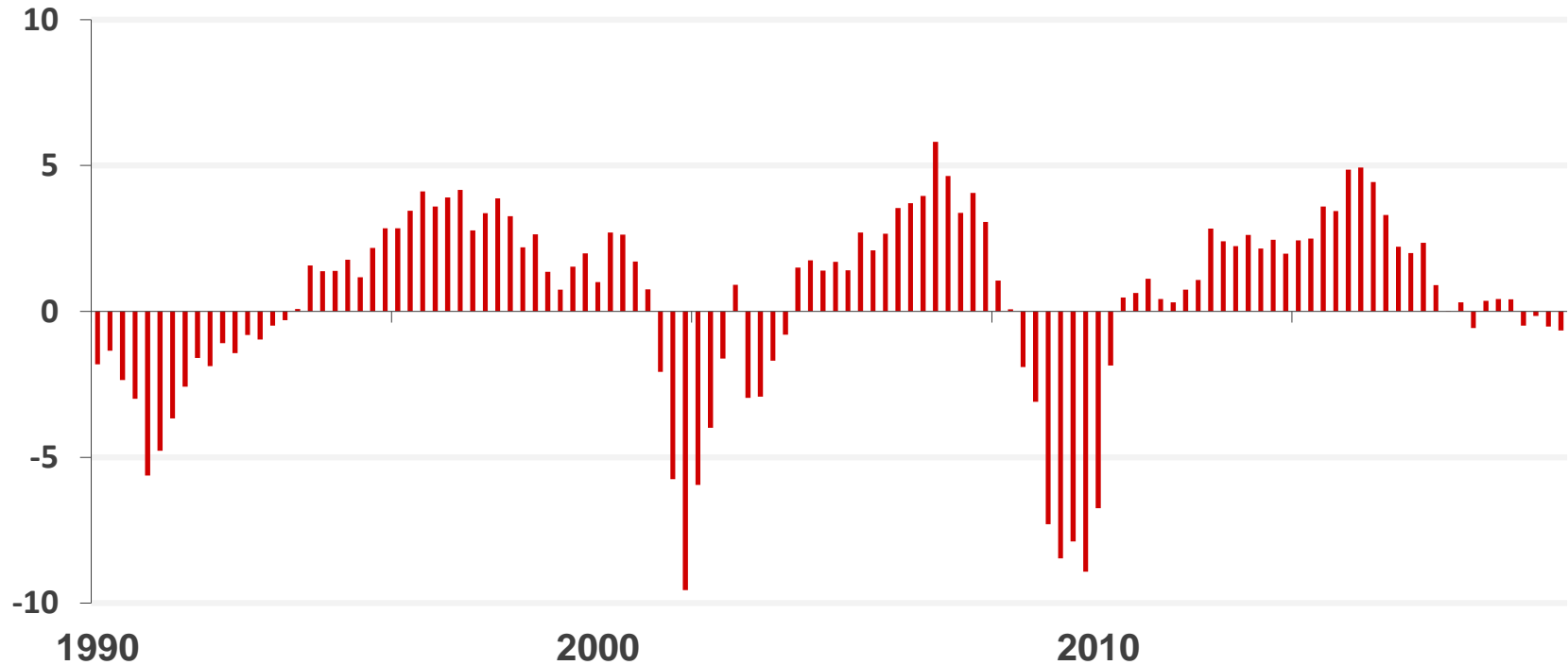
Demand and Supply Growth Equal



ADR Growth Continues to Slow



Real ADR Growth (ADR% minus CPI%) Negative For Four Qtrs



Total U.S., Real ADR % Change (ADR minus CPI), by quarter, Q1/1990 – Q2/2019

Hourly Wages in Hospitality Jobs Continue to Grow...



Total US, Leisure and hospitality, Accommodation, Average hourly earnings of production and nonsupervisory employees, not seasonally adjusted

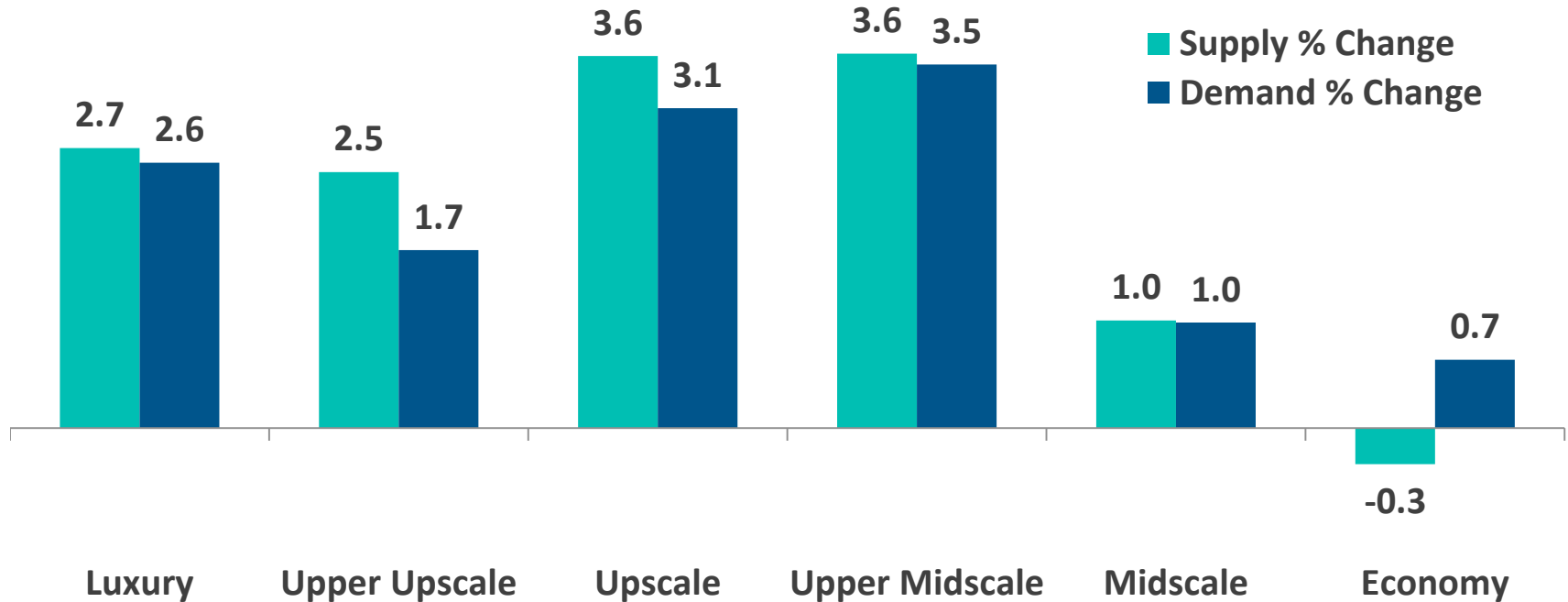
<https://www.bls.gov/data> CEU7072100008

...With ~835,000 Open Positions in Accommodations/Food Service

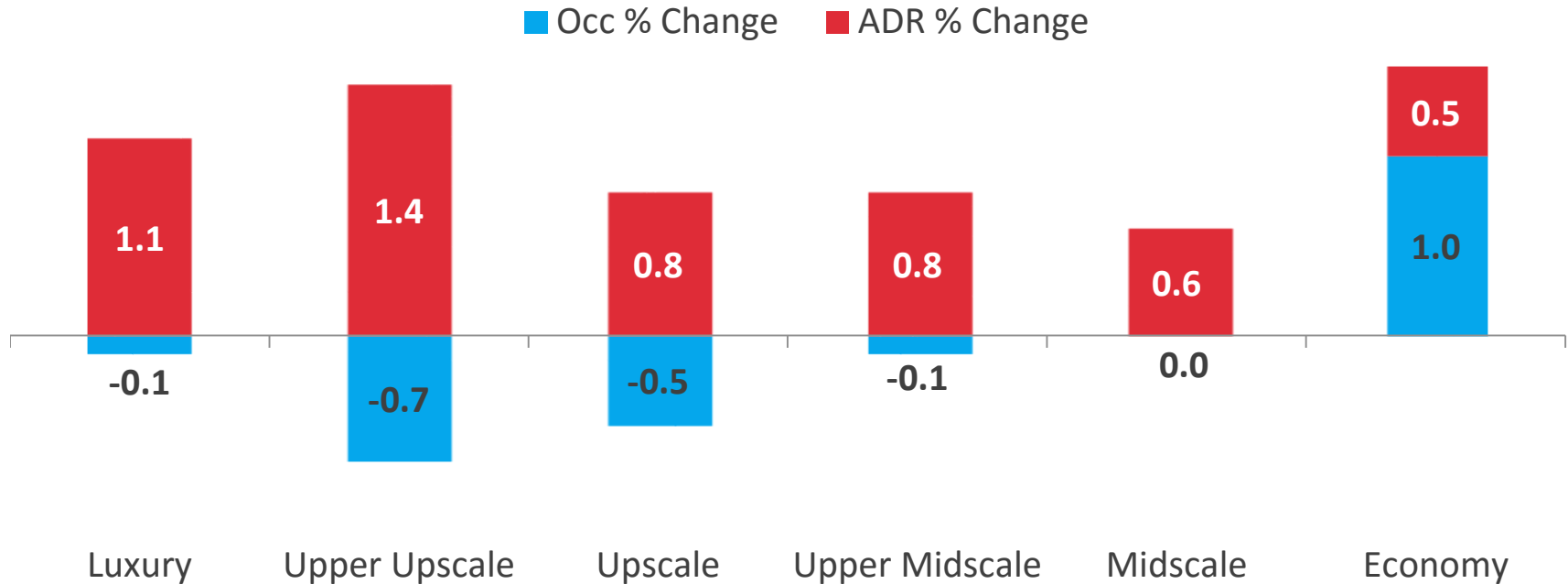


Total US, Accommodation and food services, Job openings, seasonally adjusted, <https://www.bls.gov/data/#employment>

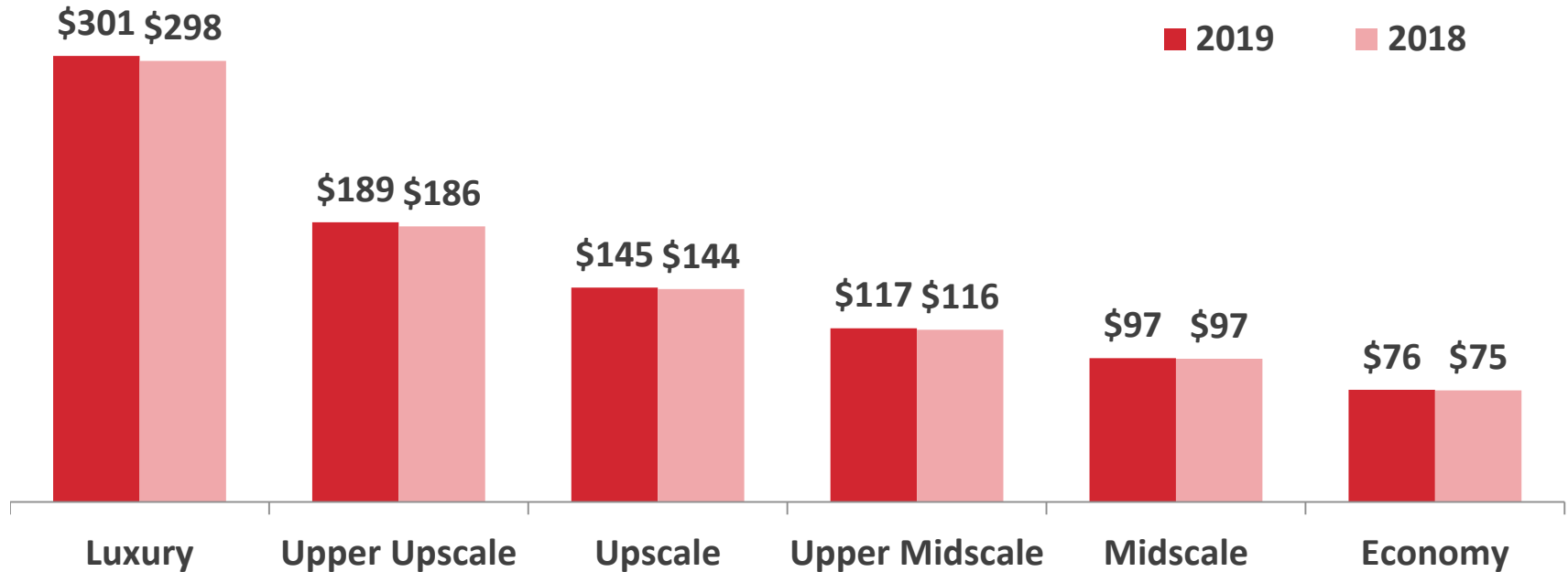
Class: YTD Demand Growth Trailing Supply Growth in All Classes Except Economy



ADR Growth Offsets Occupancy Declines in All Classes



Class ADR: Year-over-Year ADR Increases <\$1 in Four Classes



August Top 25 Market Performance:

Despite High Occupancies, Mixed Bag

Market	RevPAR % Change	Influenced By
Atlanta, GA	5.6	Super Bowl LIII = ADR +5.9%
Phoenix, AZ	4.9	0.6% Supply Growth
San Francisco/San Mateo, CA	4.4	Moscone Reopens = ADR +5.3%
Denver, CO	3.9	8.3% Demand Growth
Nashville, TN	3.6	Bachelorettes + NFL Draft = +9% Demand Growth
Miami/Hialeah, FL	-2.5	Supply Growth +4%
Minneapolis/St Paul, MN-WI	-3.1	Superbowl LII
New York, NY	-3.6	Surprisingly Weak Performance, ADR -2%
Houston, TX	-5.0	Hurricane Comp & Supply Growth +4%
Seattle, WA	-5.4	Supply Growth +6.6%



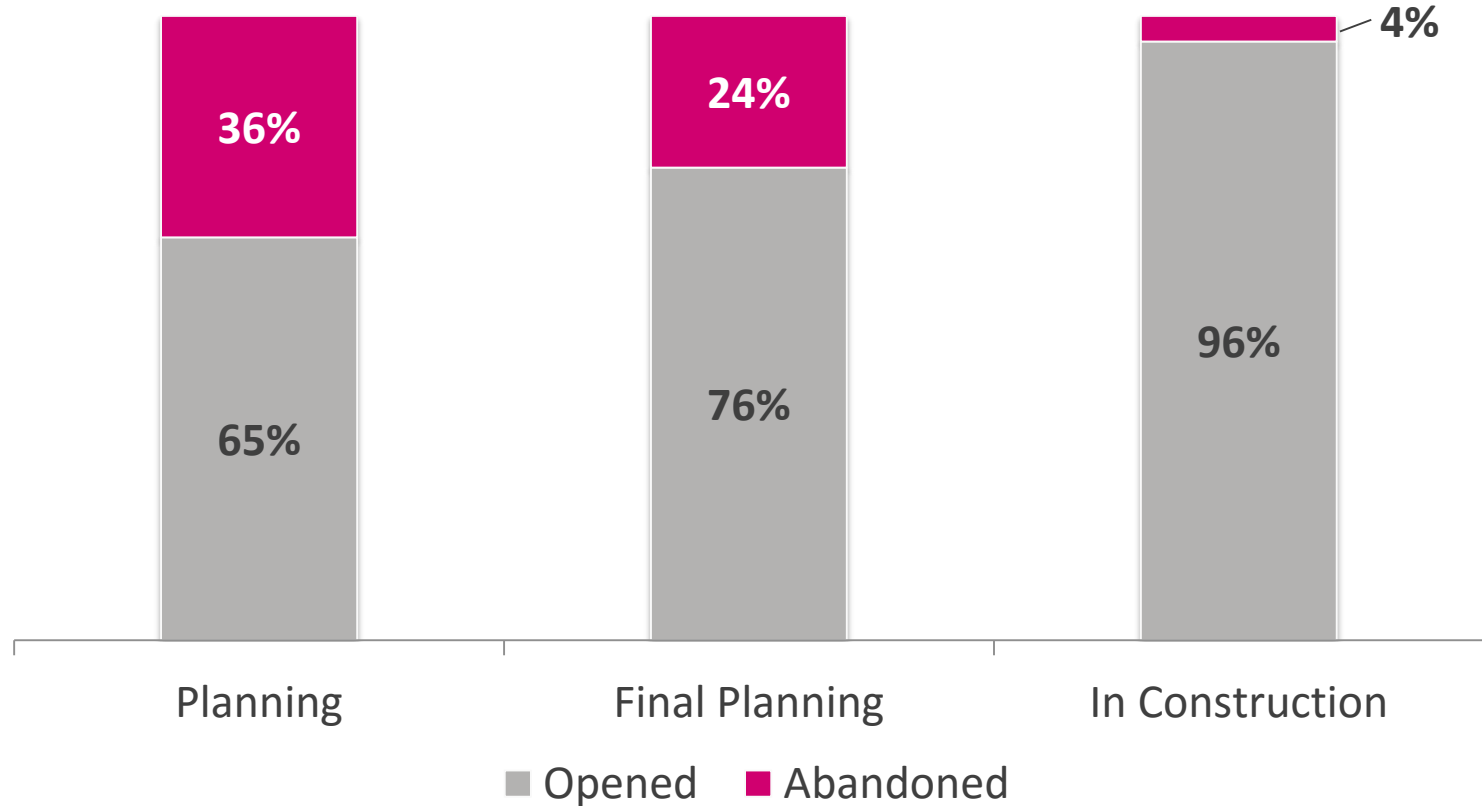
Under Construction Rooms Increase. Only 4K off from 2007/2008 Peak

<u>Phase</u>	<u>2019</u>	<u>2018</u>	<u>% Change</u>
In Construction	207	188	10.4%
Final Planning	238	215	10.6%
Planning	216	203	5.9%
Under Contract	661	607	9.0%

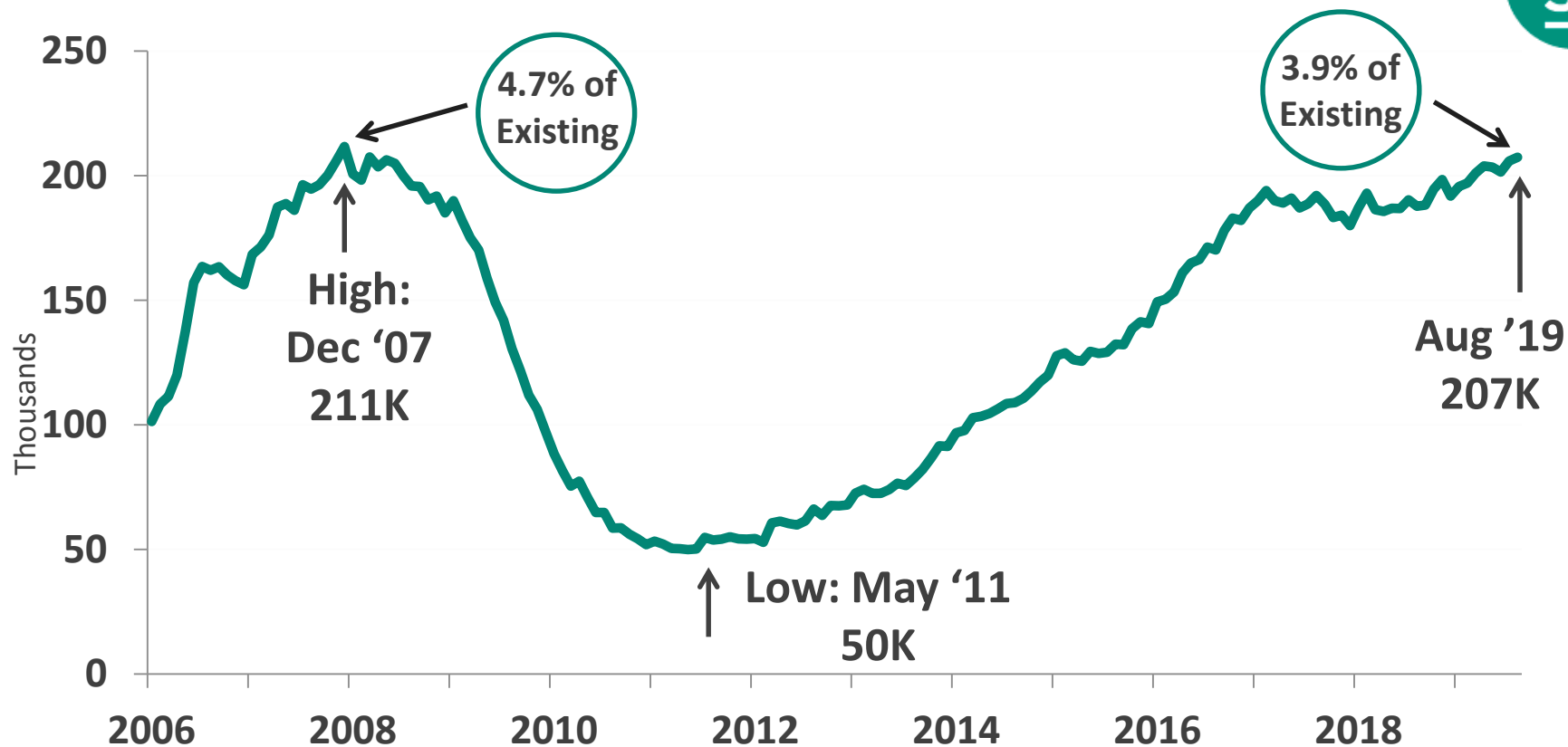
Total United States

STR Pipeline Attrition Rate

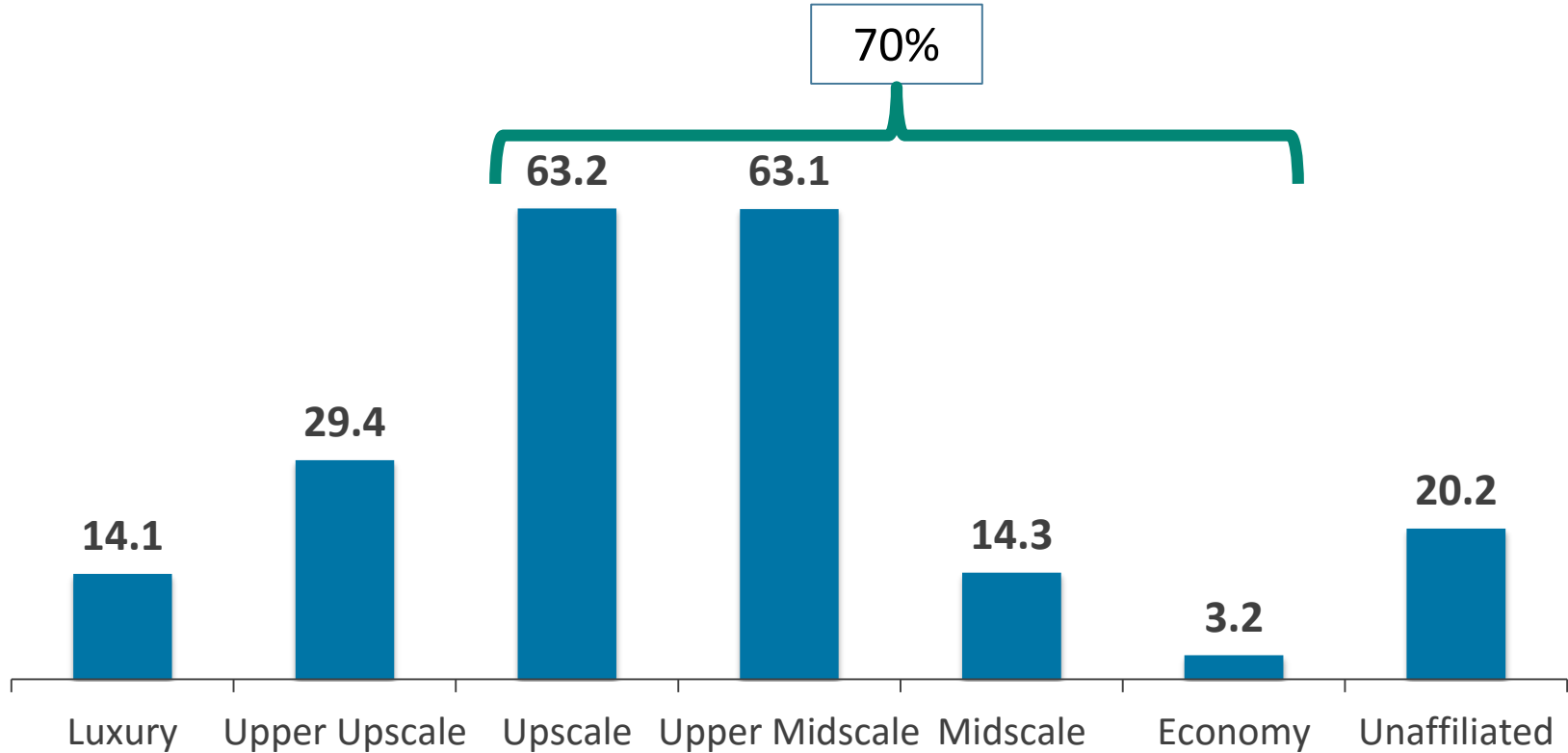
Long Term Average (2013 – 2016)



I/C Pipeline Closing In On Prior Peak



Select Service Construction Is The Name Of The Game



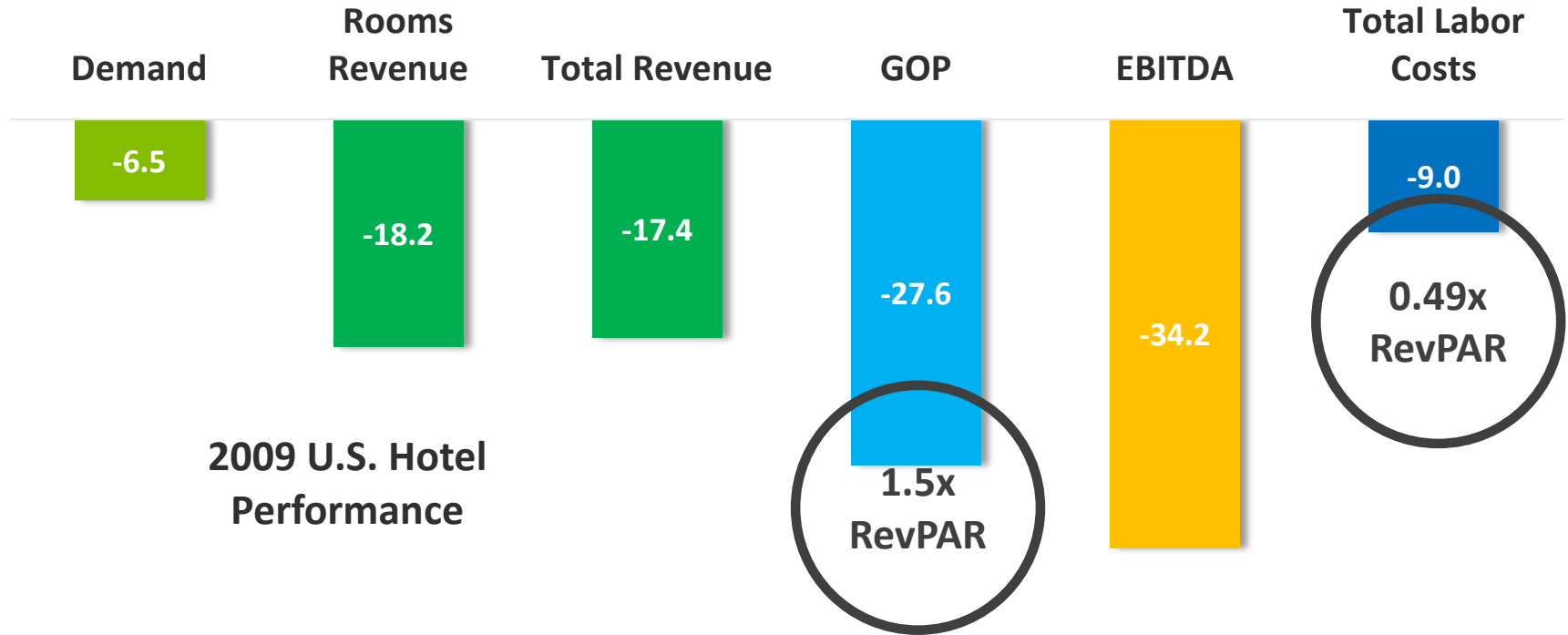
Total United States

Key Performance Indicator Outlook (% Change vs. Prior Year)

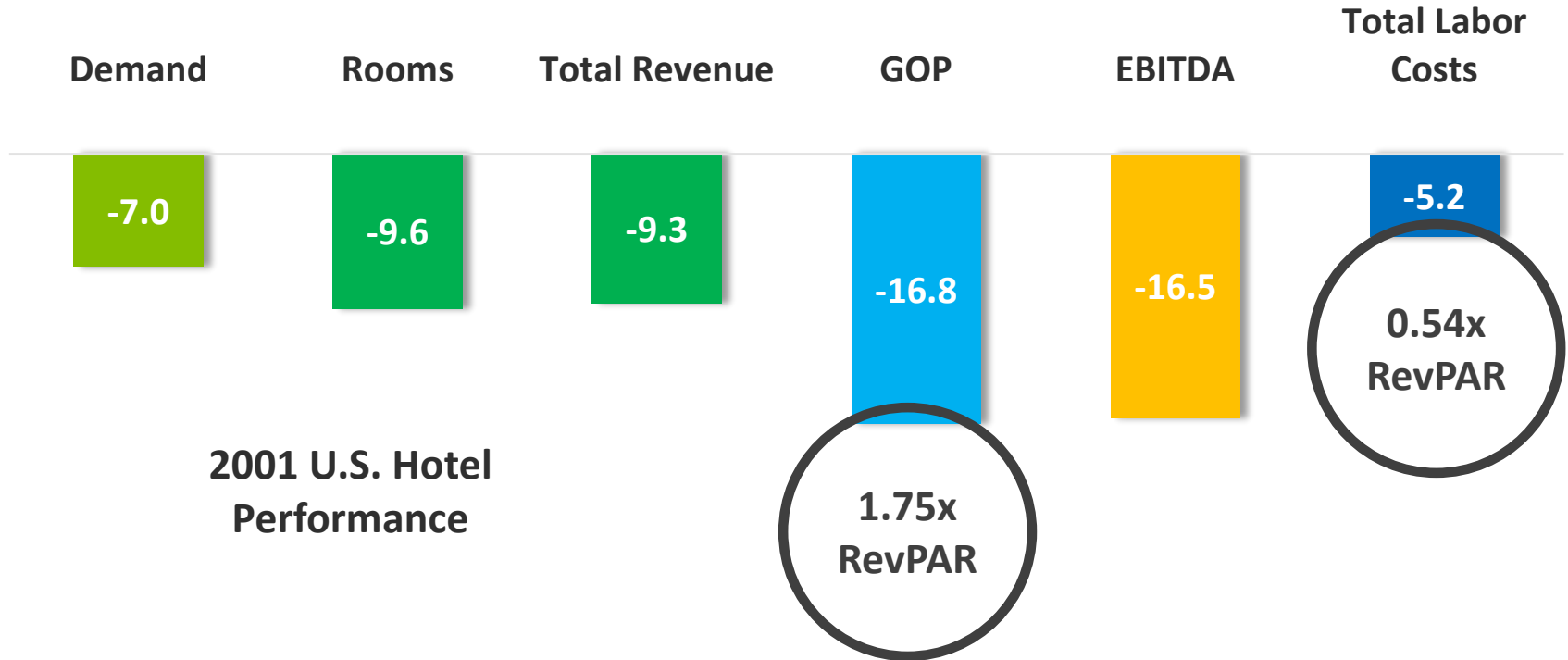
2019F – 2020F

Outlook		
Metric	2019 Forecast	2020 Forecast
Supply	1.9%	1.9%
Demand	2.1%	1.6%
Occupancy	0.2%	-0.3%
ADR	1.4%	1.4%
RevPAR	1.6%	1.1%

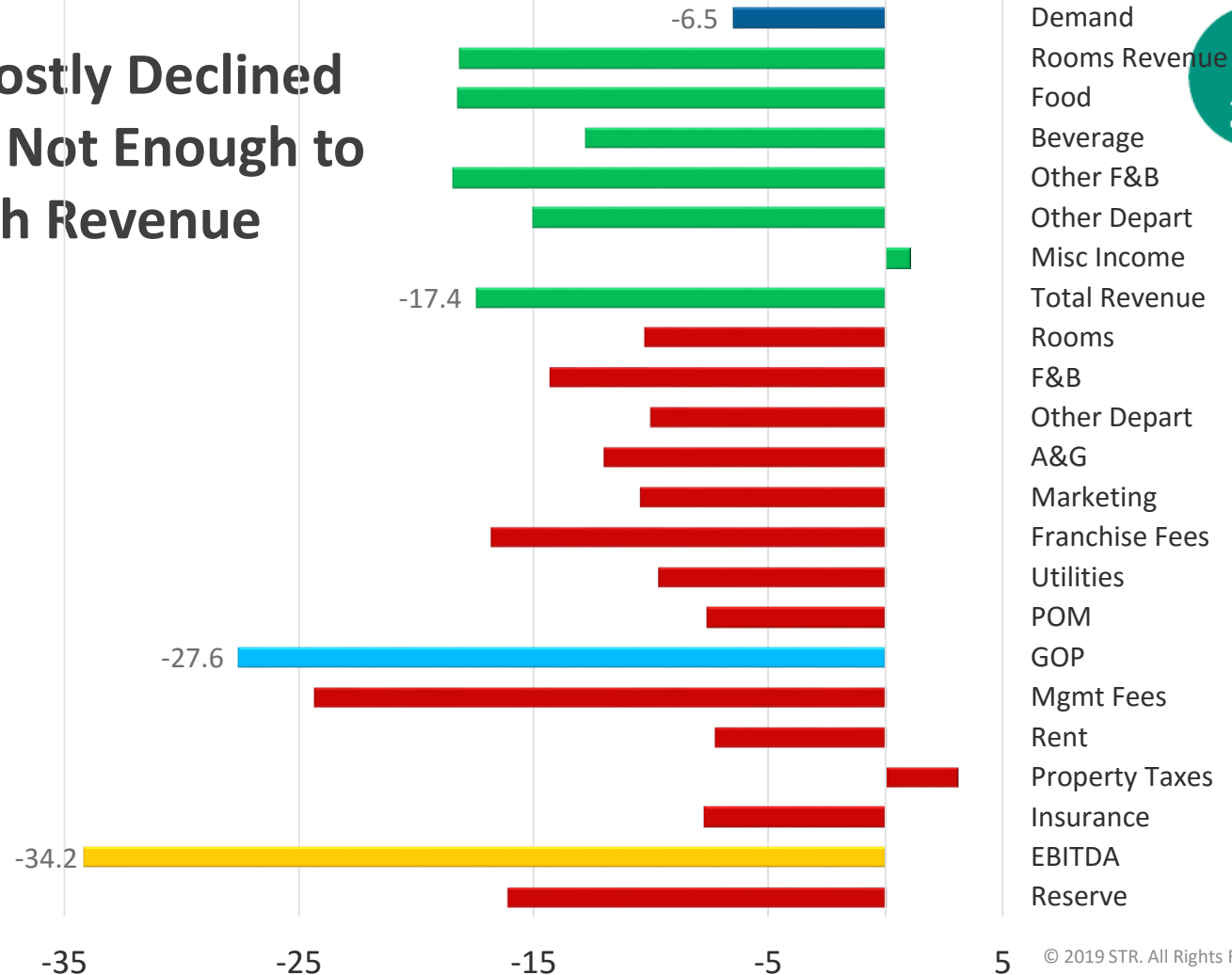
Demand, Revenue Declines led to Amplified Profit Declines in 2009



Similar Performance in 2001, Although Declines were Less Extreme



Expenses Mostly Declined in 2009, but Not Enough to Keep Up with Revenue Declines

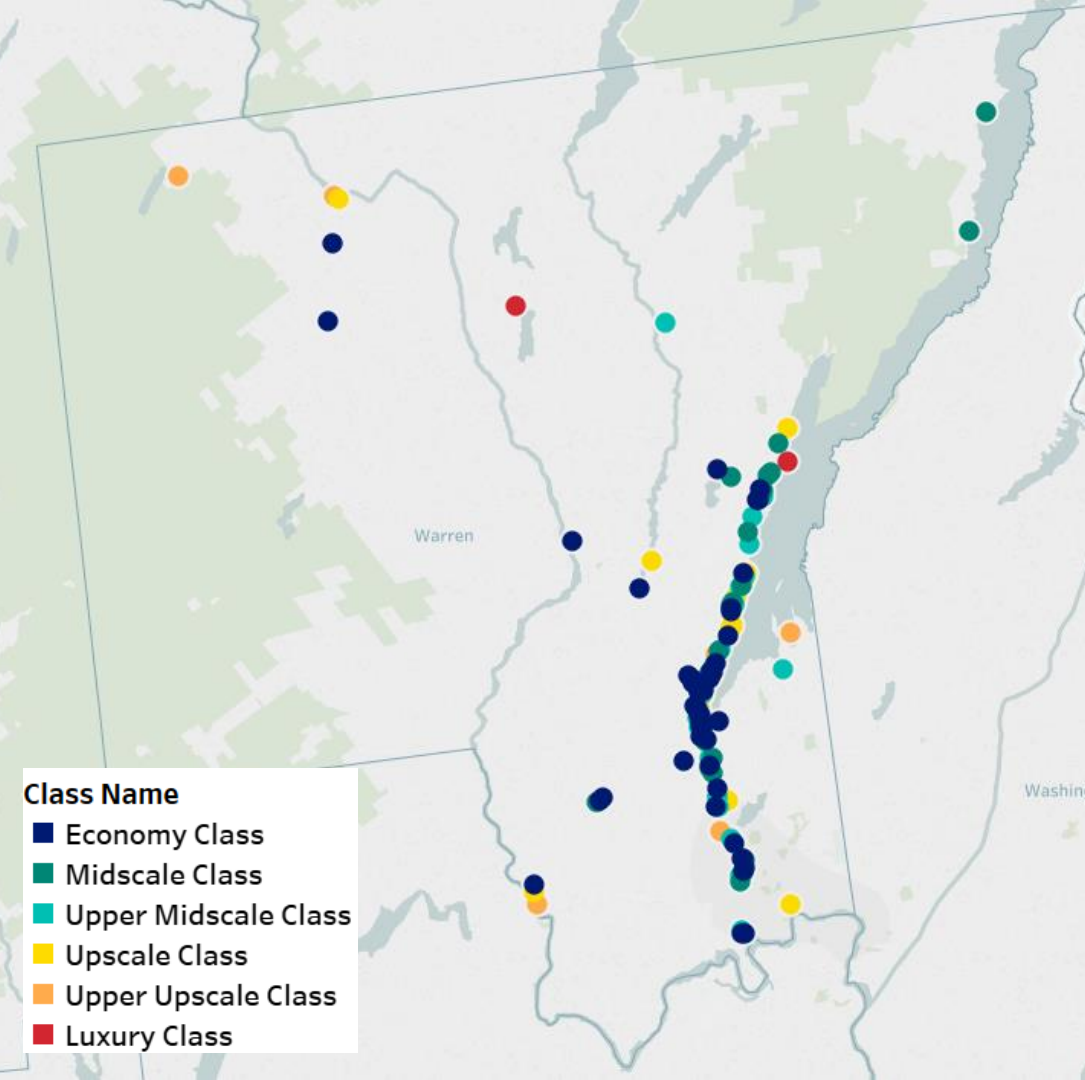




Warren County Performance



**140
Hotels
6,843
Rooms**



Class Name

- Economy Class
- Midscale Class
- Upper Midscale Class
- Upscale Class
- Upper Upscale Class
- Luxury Class

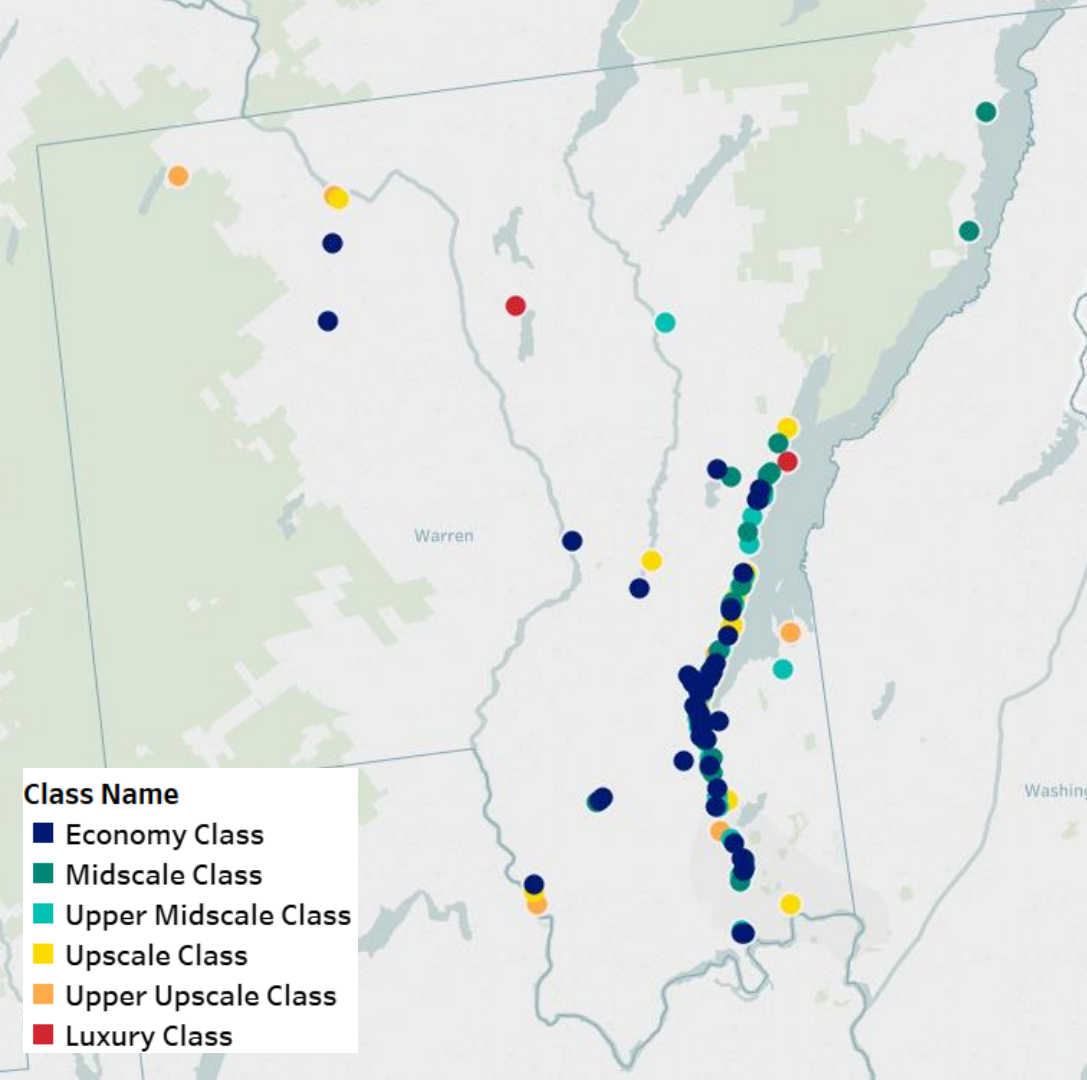


STR Participation

29
Hotels

2,883
Rooms

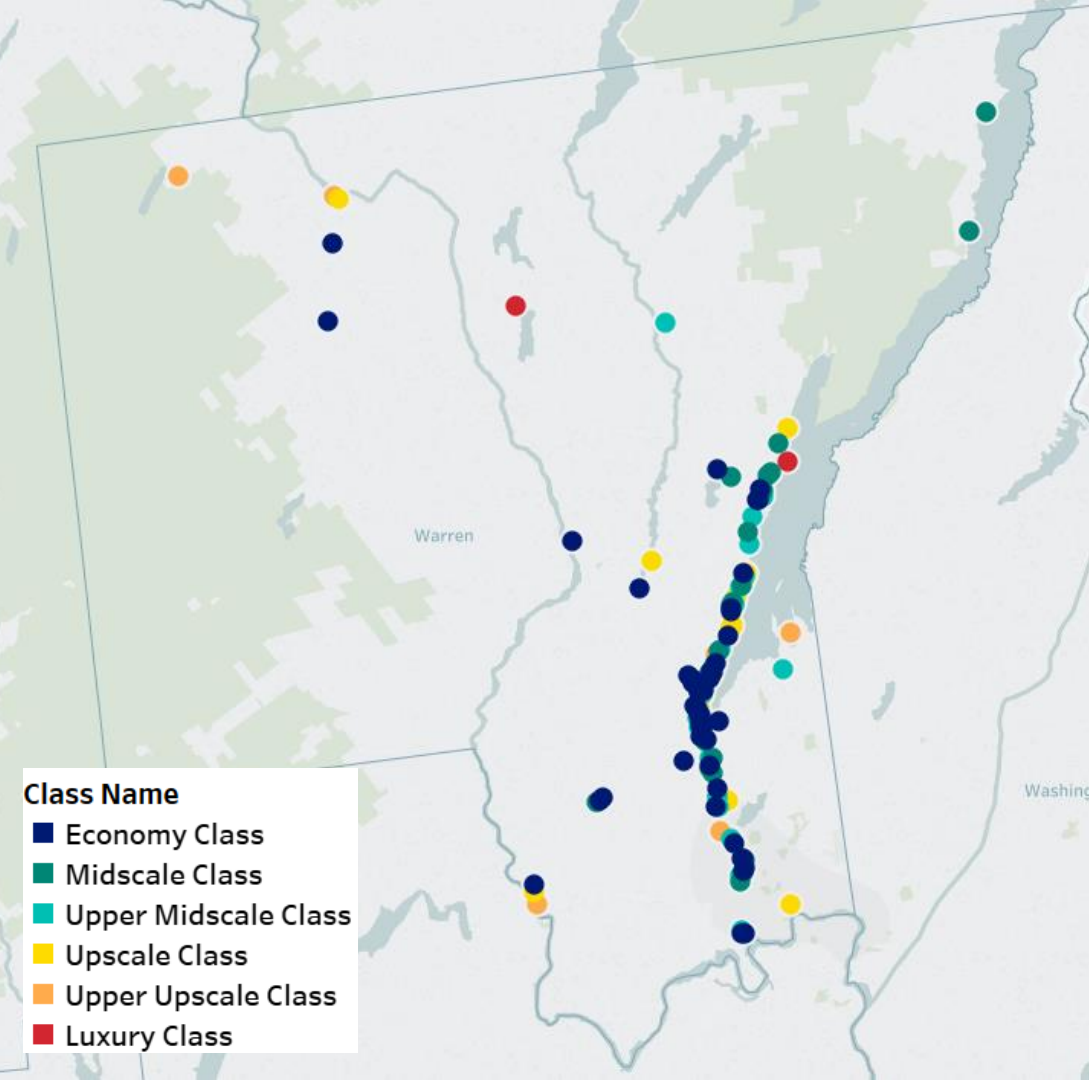
42.1%
Participation



Warren County, NY: Dominated by Independents

Similar to Total US, ~60% Upper Midscale and Below





TTM Performance

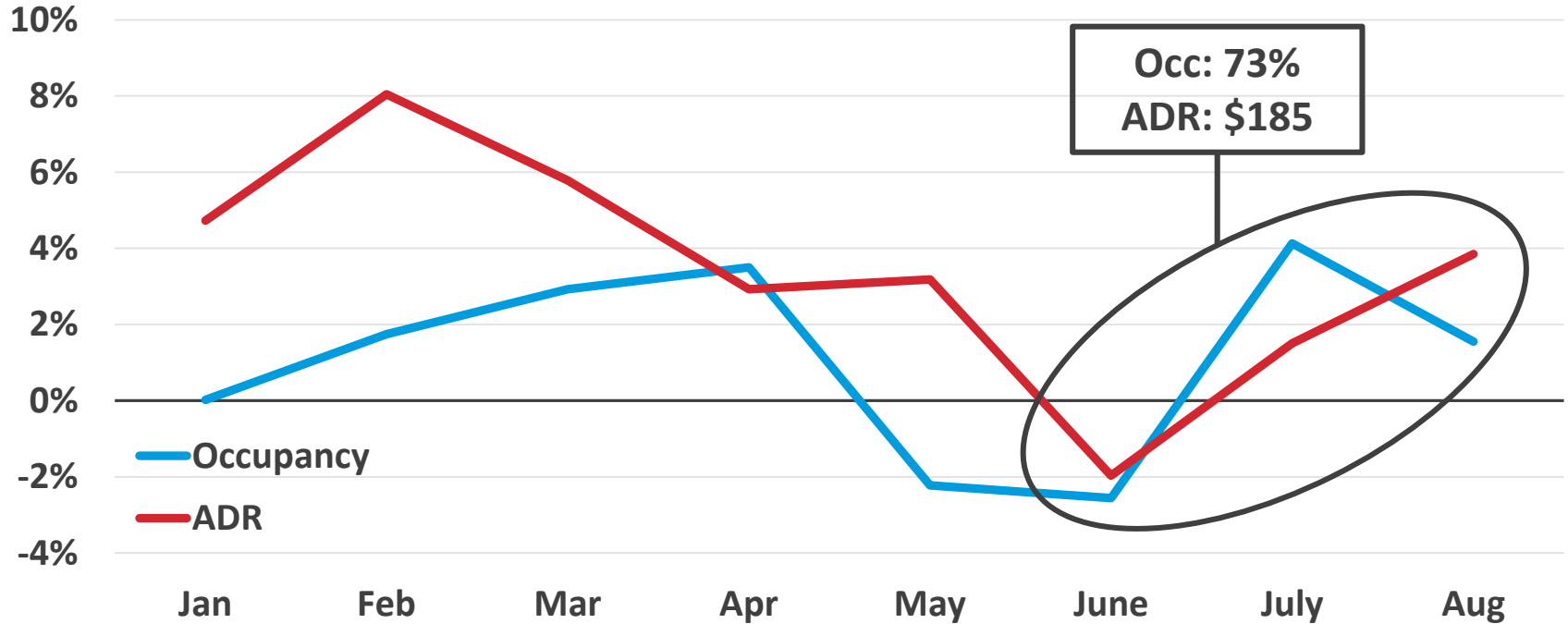


Occ: 53.1%

ADR: \$153

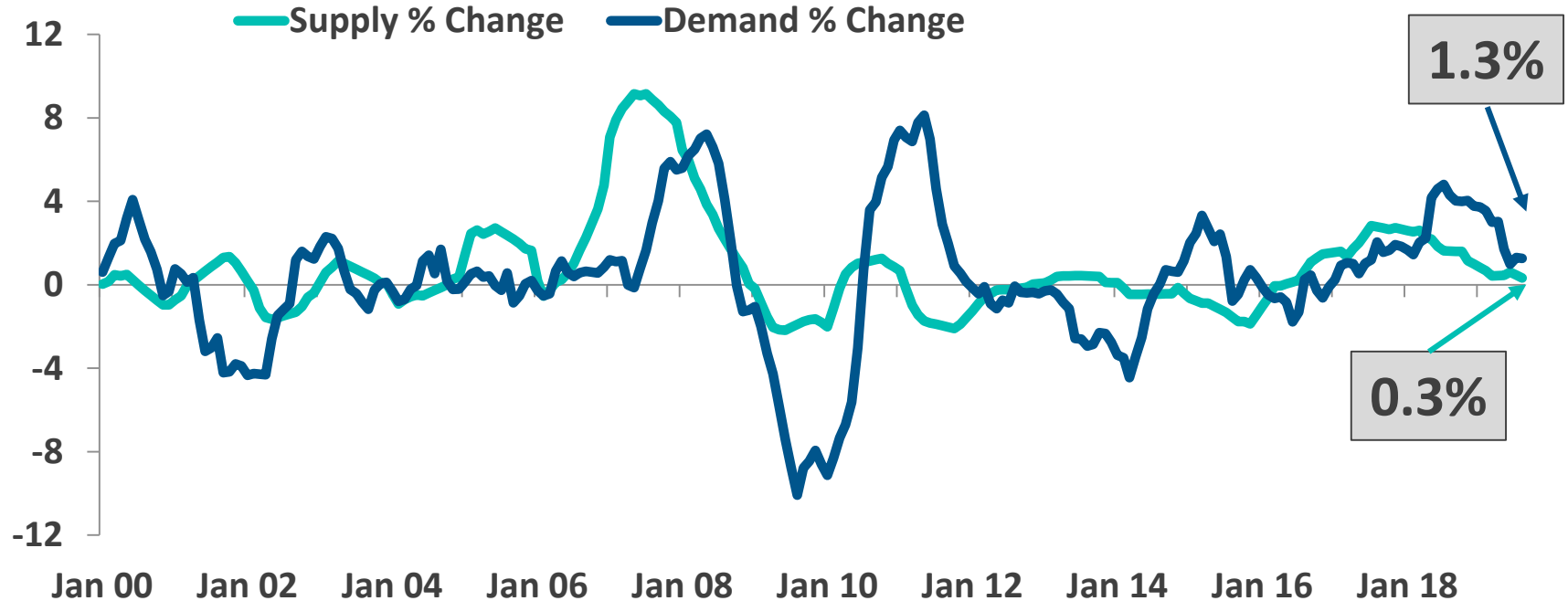
RevPAR: \$81

Despite Weaker June 2019 vs. 2018, Strong YTD and Summer Performance

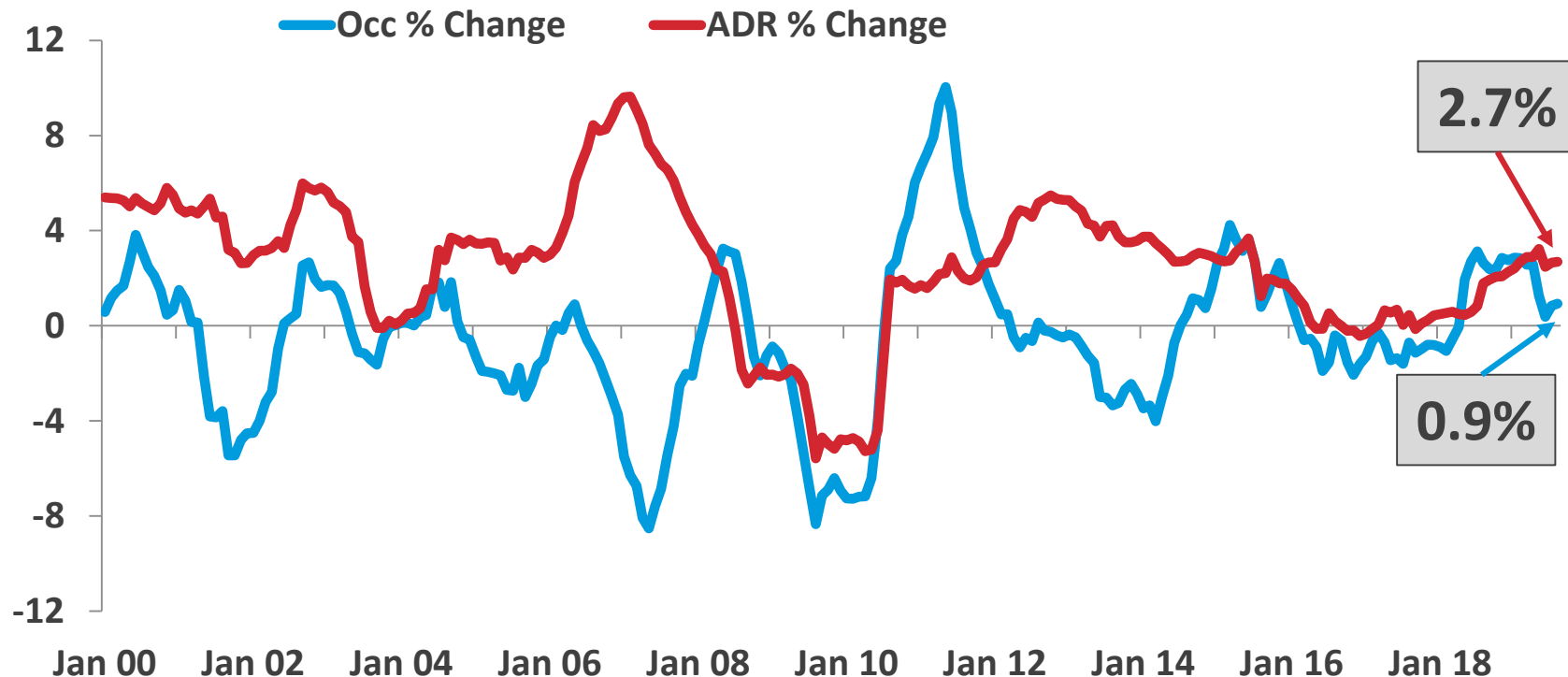


Demand Growth Outpacing Supply Growth

No Projects Currently in Pipeline

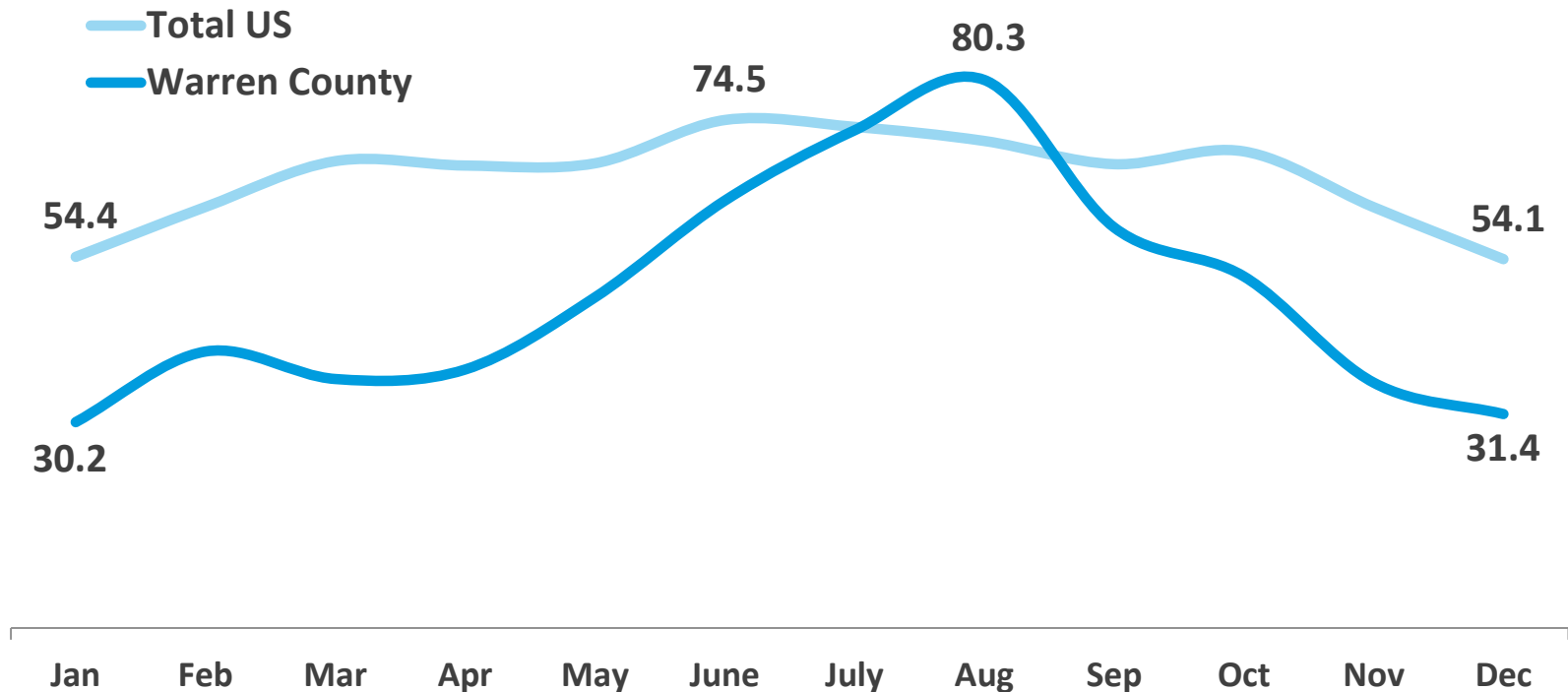


ADR Growth Accelerating Since 2016



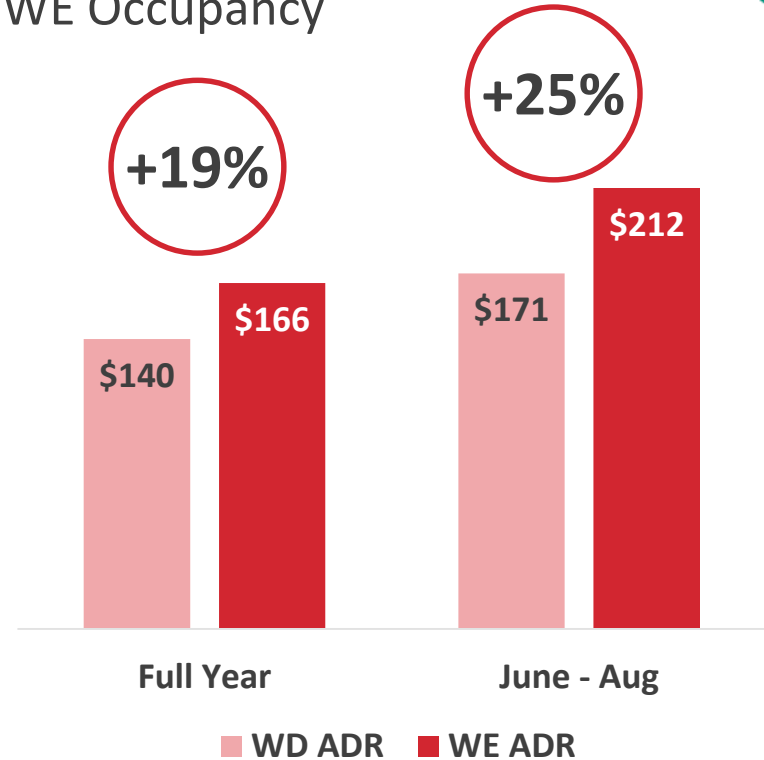
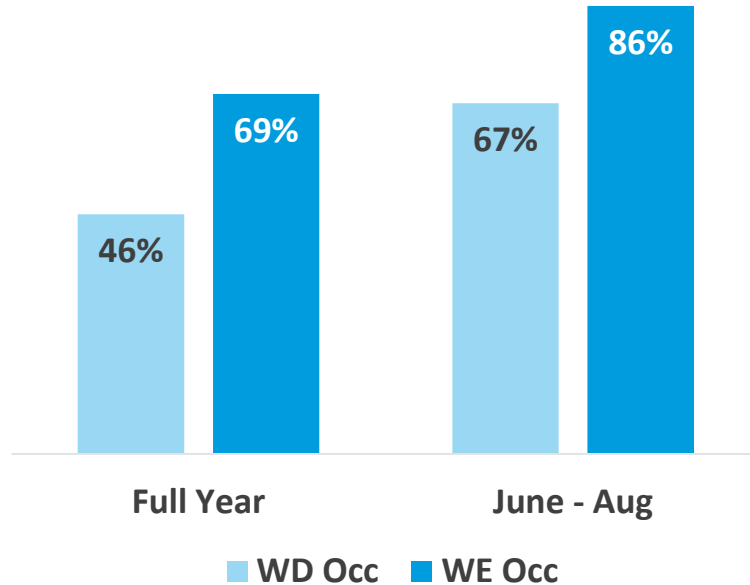
Warren County Peaks in August

50 Point Swing in Occupancy from Low to High Month



Very Leisure-Dependent Market

Approx. 20 Point Gap between WD and WE Occupancy



Upper Classes See Strong ADR Growth Despite Occ Declines

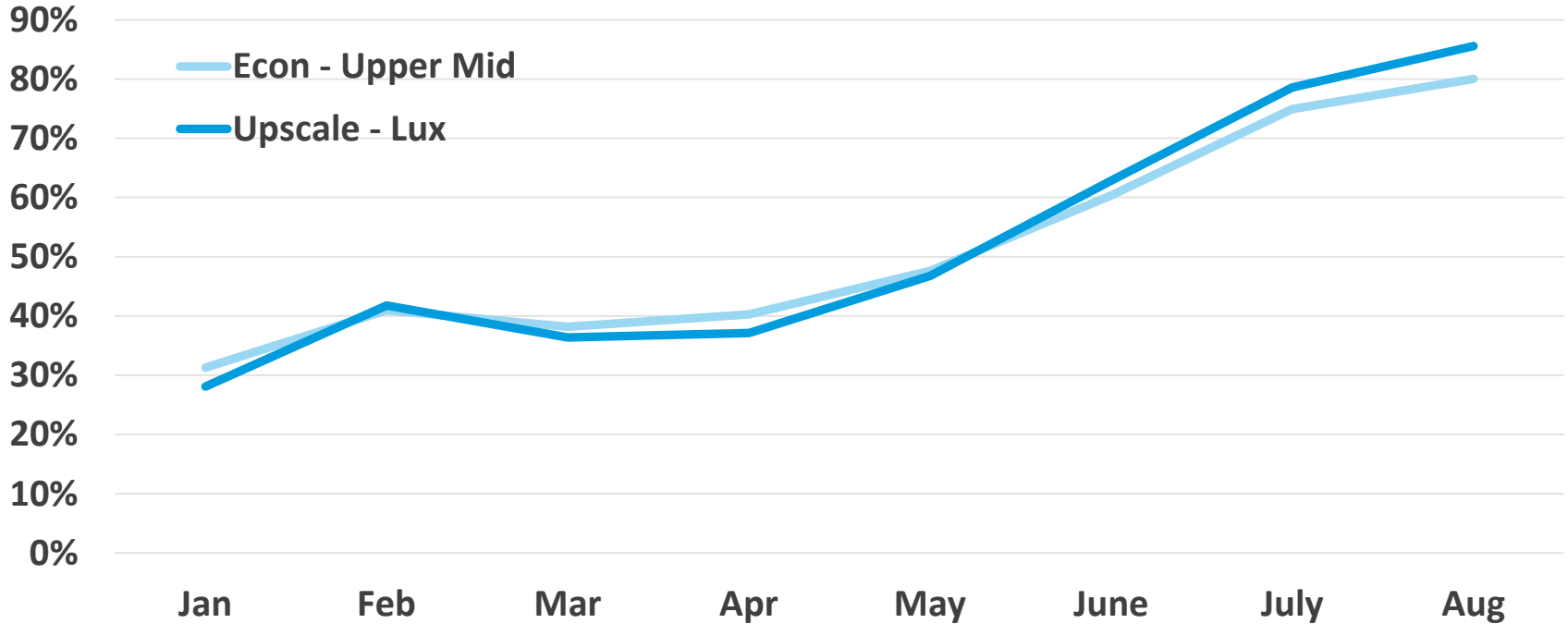
Lower Classes Relatively Stagnant in ADR



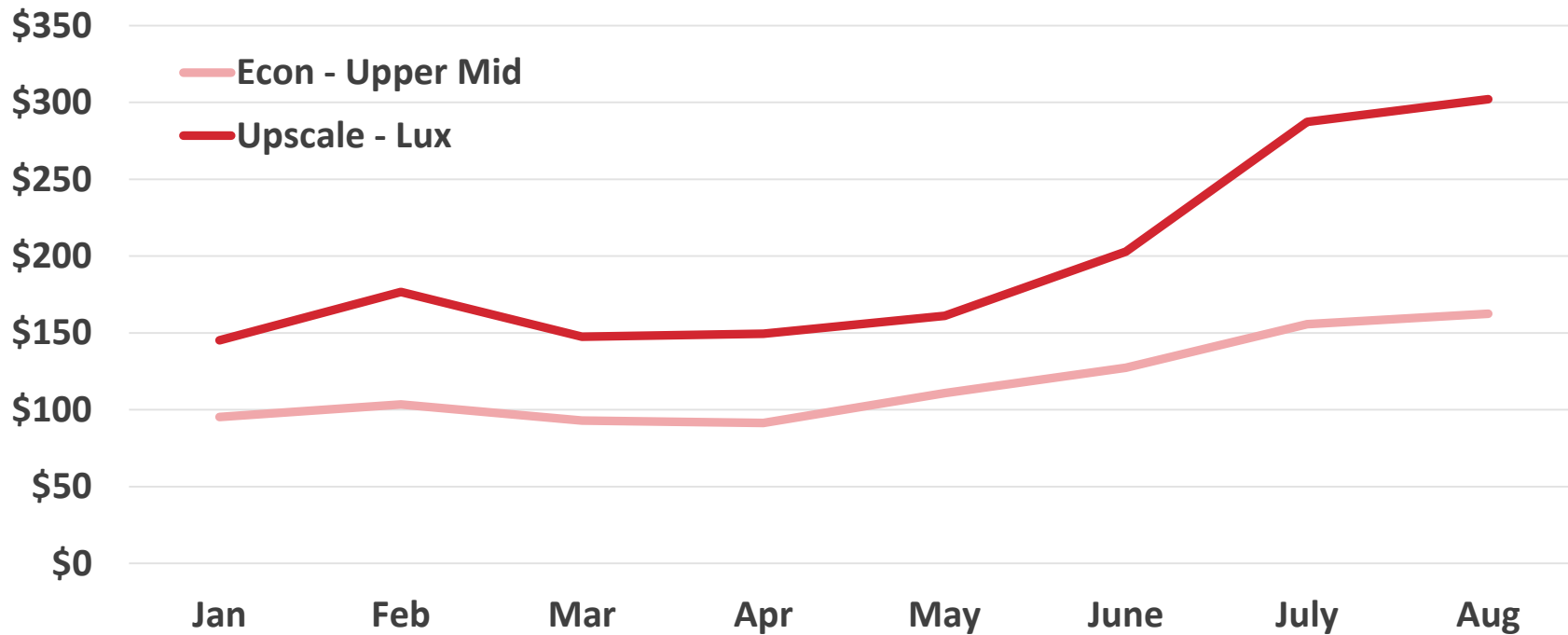
	Economy – Upper Midscale		Upscale - Luxury	
	TTM	TTM % Change	TTM	TTM % Change
Occupancy	53.5%	2.1%	52.3%	-1.7%
ADR	\$127	1.2%	\$212	6.0%
RevPAR	\$68	3.3%	\$111	4.2%

\$30 higher than total US
ADR for same classes!

Across All Classes, Almost Identical Occupancy



Higher Classes See Stronger Summer ADR Premium



2019 - 2021 Warren County Custom Forecast

Warren County, NY						
	2019 Forecast	% Change	2020 Forecast	% Change	2021 Forecast	% Change
Occupancy	52.7%	-0.0%	52.1%	-1.2%	52.8%	1.5%
ADR	\$152.05	1.6%	\$152.90	0.6%	\$155.65	1.8%
RevPAR	\$80.14	1.6%	\$79.59	-0.7%	\$82.24	3.3%

STR does not take responsibility for the accuracy and validity of the raw data incorporated into the forecast as it is provided by other sources. STR bears no liability as to the results and performance based on the forecast, or the data contained therein.

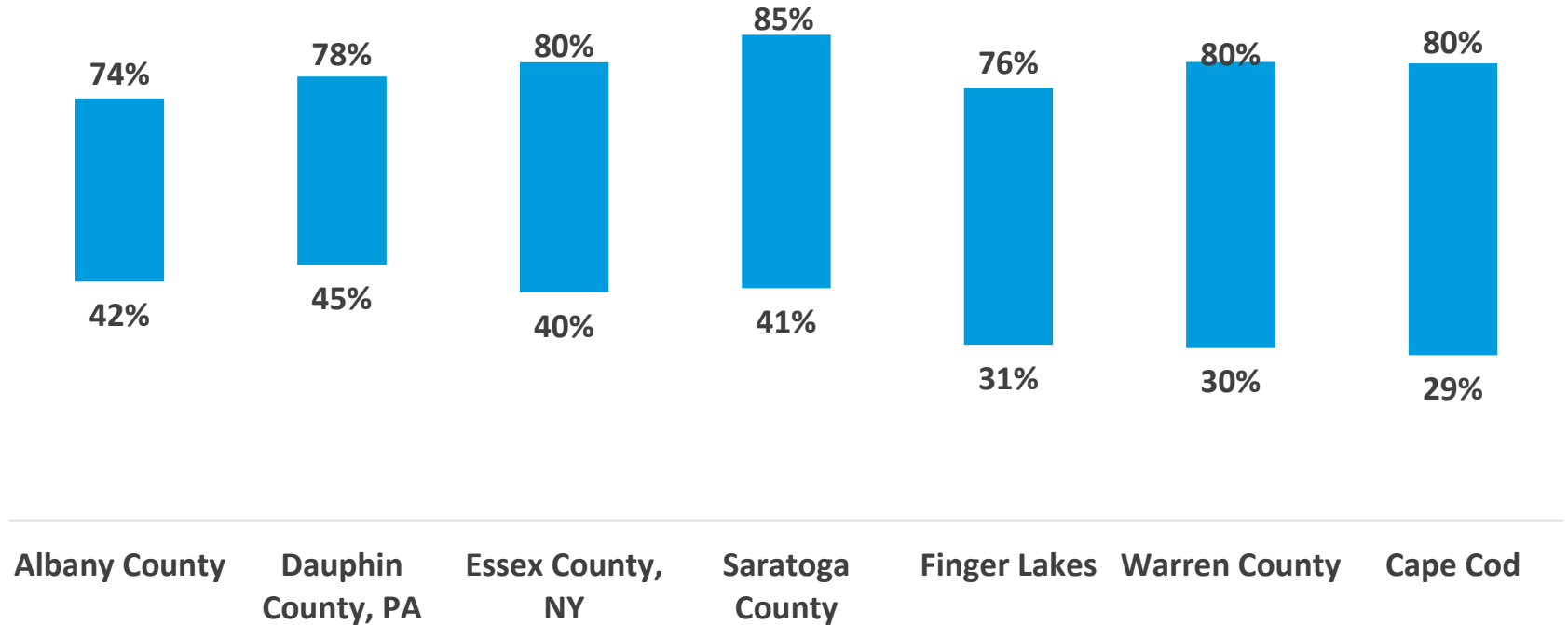


Market Comparison

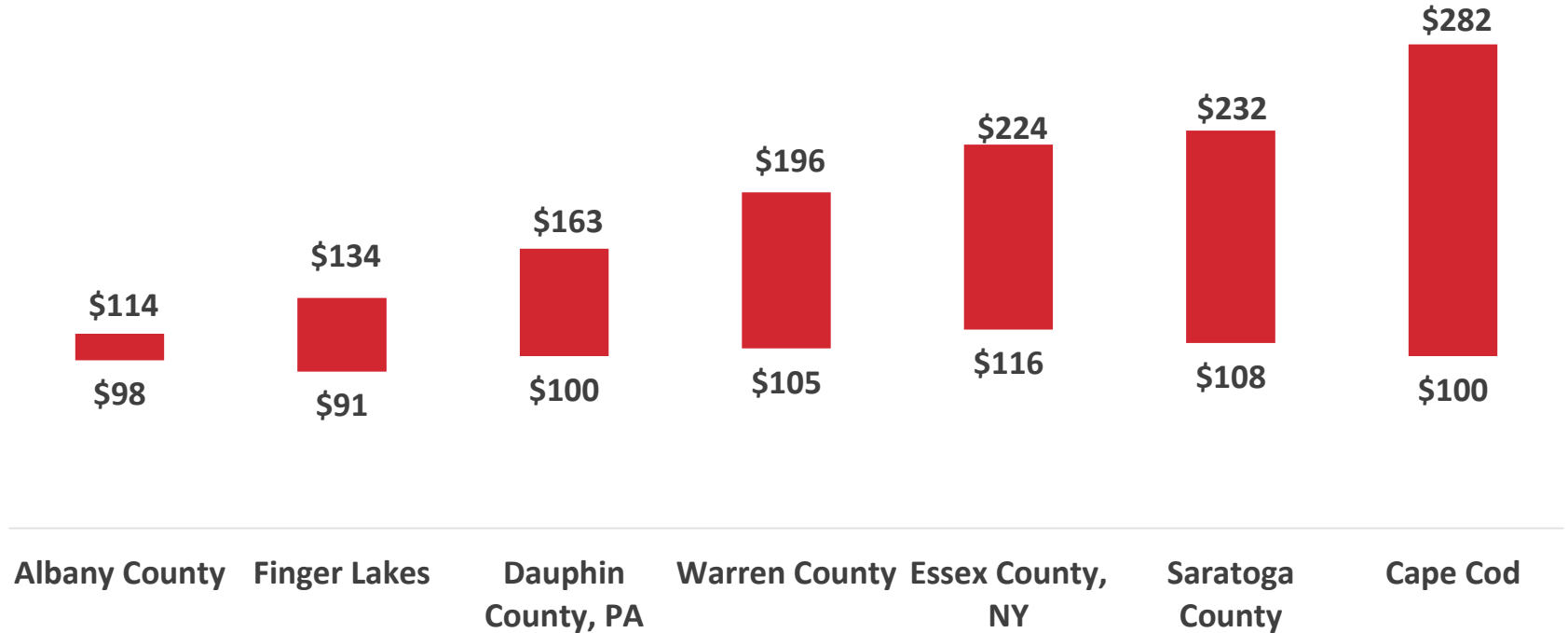
Warren County and Cape Cod See Significant Seasonal Closures in Winter Months

	August 2019 Room Count	January 2019 Room Count	Annual Roomnights
Essex County	2,173	2,142	787,264
Saratoga County	3,633	3,455	1,298,649
Warren County	6,843	→ 3,701	1,936,627
Albany County	7,399	7,399	2,694,875
Finger Lakes	8,663	8,530	3,147,736
Dauphin County, PA	9,043	9,043	3,202,088
Cape Cod	10,807	→ 5,911	3,218,266

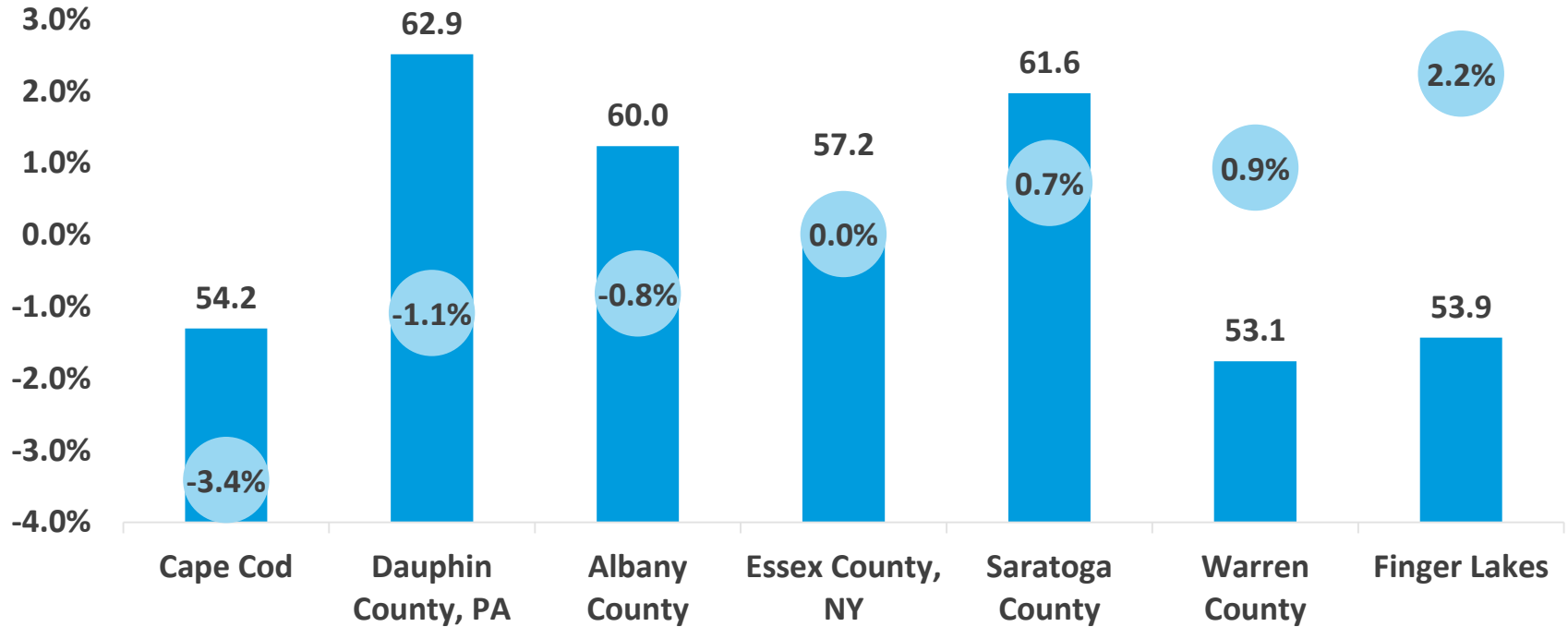
Finger Lakes, Warren County, and Cape Cod See Similar Seasonal Occupancy Swings



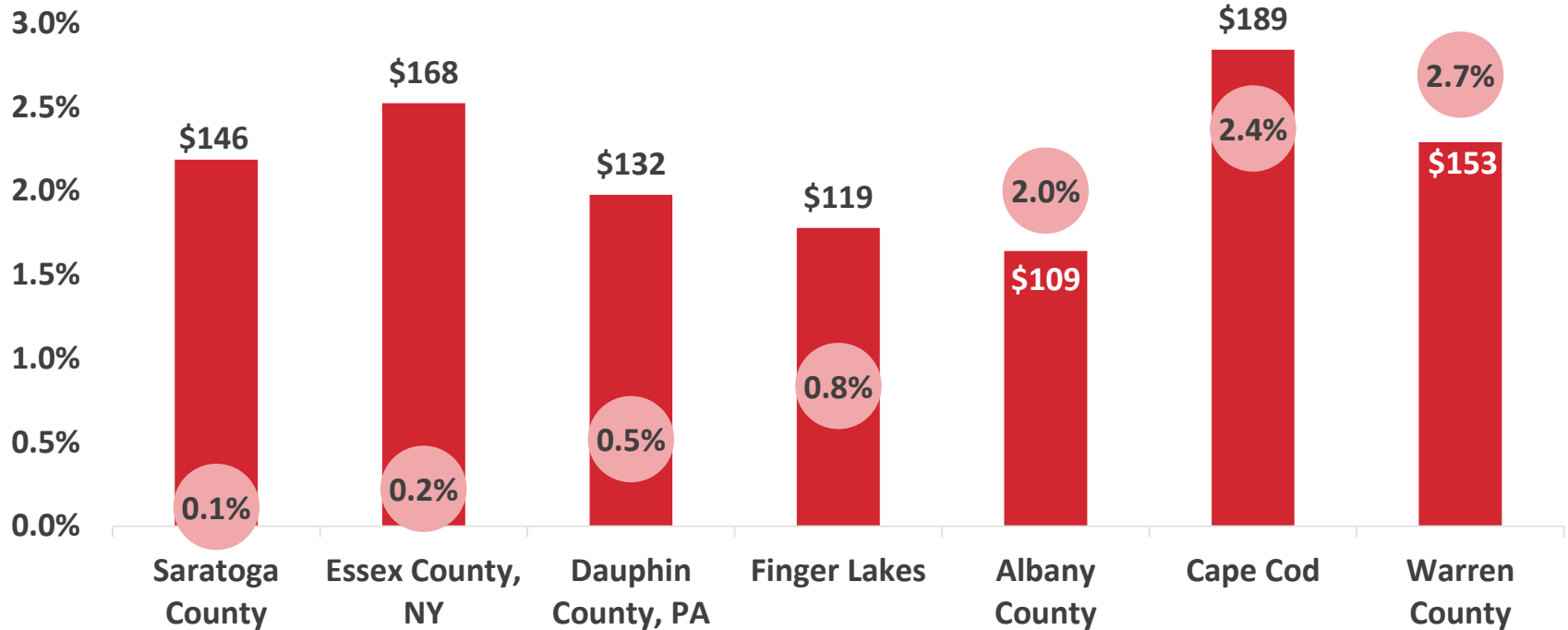
Some Markets See 2-3x ADR in Summer vs. Winter



Mixed Occupancy Growth Performance Across Areas

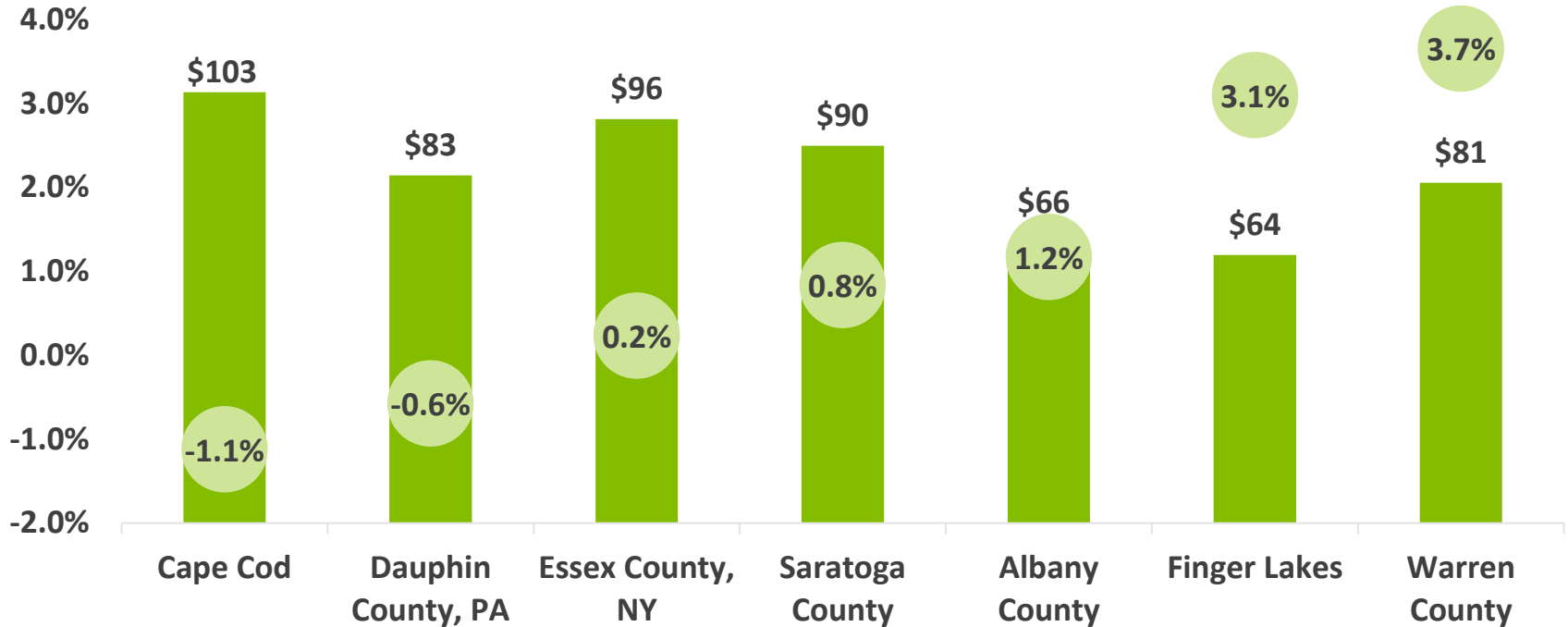


Warren County Has Highest ADR Growth Of All Areas

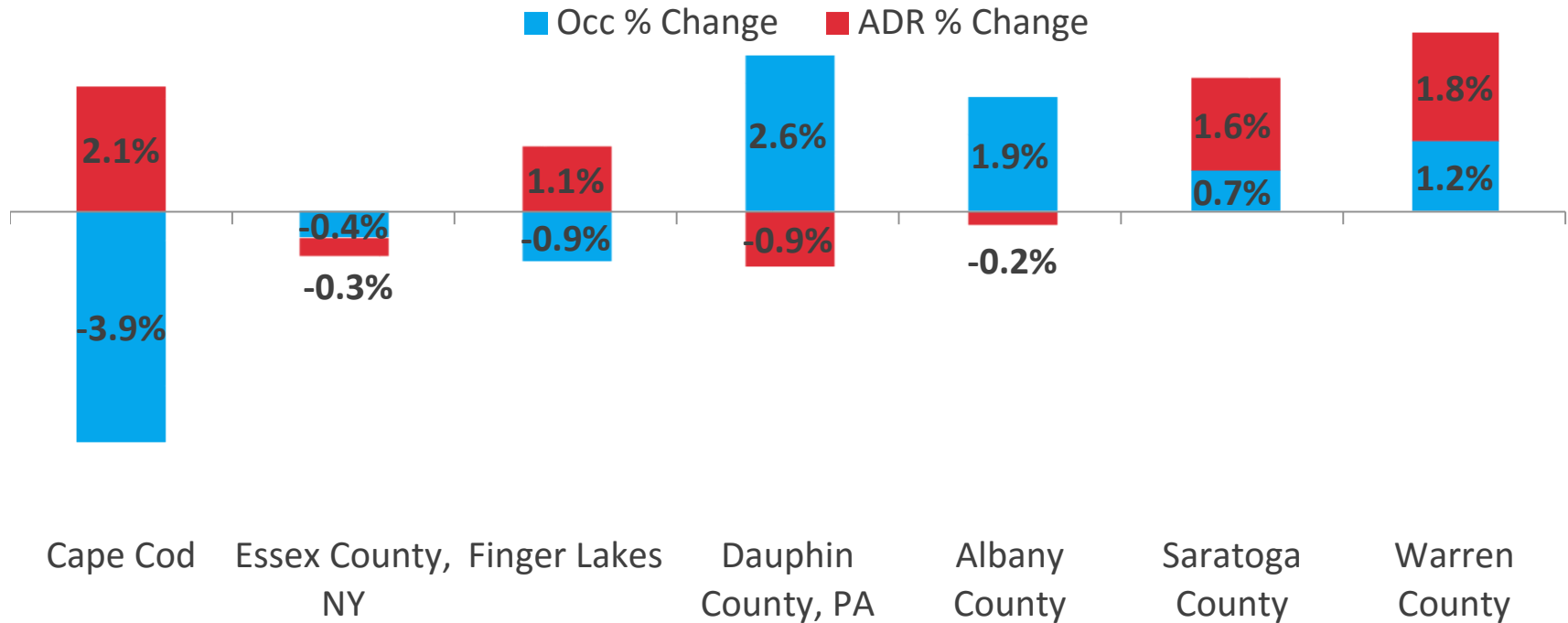


Warren County Has Highest RevPAR Growth

Strong Occ Growth Lifts Finger Lakes RevPAR



Summer 2019: Saratoga and Warren Counties Only Regions to See Both Occupancy and ADR Growth





Airbnb/Home Rentals

SARATOGA SPRINGS

Airbnb taking bite out of Spa City hotel business

City, county losing potential room tax revenue

BY STEPHEN WILLIAMS
Gazette Reporter

About 60,000 people stayed at Airbnb locations in Saratoga County this summer, making Saratoga Springs and environs the busiest place in the Capital Region for the room-sharing service.

With the service that lets people lease parts

of their homes becoming more popular, local officials are growing increasingly concerned about losing out on the kinds of sales and room-tax payments that hotels, motels and bed and breakfasts pay, money that is usually used for tourism marketing.

"That number is huge, and our occupancy

See AIRBNB, page A10



General manager Amy Smith stands outside the Saratoga Arms building in Saratoga Springs on Friday.

ERICA MILLER/

Airbnb

Continued from page A1

tax has been pretty flat, so there's a taxation-equity issue," said Saratoga-Springs Finance Commissioner Michele Madigan. "We do think we're staying flat, and Airbnb is definitely generating revenue, and it's continuing to rise."

Airbnb announced this past week that there were 221,600 guest arrivals at its host properties in seven Capital Region counties between Memorial Day and Labor Day. Saratoga County sites attracted the most people — 60,000 guests — many staying in Saratoga Springs or nearby. Airbnb said that generated \$132 million in income for the hosts.

Warren County — home to Lake George and other popular southeastern Adirondack destinations — had 50,100 Airbnb visitors, and Greene County — in the Catskills — had 32,100. At the lower end, Albany County had 21,500 Airbnb stays, while Schenectady County trailed with 5,500.

Short-term rentals have become controversial in other tourism-reliant com-

munities. There's currently a public debate about their impact on community character in Lake Placid in the Adirondacks, which faces some of the same issues that Saratoga Springs does: hotels and restaurants are central to their local economies, and housing is becoming unaffordable for many of the people who work in those industries.

Airbnb's website currently lists more than 300 properties offering rooms or houses in the Saratoga area. That number is dwarfed, though, by the number of traditional lodging rooms: There are currently 2,100 registered hotel/motel/B&B rooms in Saratoga Springs, and 3,700 rooms in Saratoga County.

In general, Airbnb business is growing. While summer-to-summer comparisons weren't available, for all of 2018 Airbnb reported 35,800 arrivals in the county, with 830 hosts — nearly double the number of hosts signed up with Airbnb in 2017. In that year, 17,800 guests stayed at its short-term rental properties in the county.

In Saratoga, there's acknowledgement that short-term rental companies like Airbnb have an impact on traditional hotels, motels and bed-and-breakfasts, which

are state-licensed and regulated by both state and local inspections.

"I think that Saratoga is a wonderful place for tourists to come, and we have an enormous number of legal options for people to stay, hotels and motels and bed and breakfasts," said Amy Smith, general manager and part-owner of the Saratoga Arms Hotel, a boutique lodging in a historic building in downtown Saratoga Springs.

She noted that licensed establishments are required to go through code and fire safety inspections, have appropriate liability insurance coverage, and comply with disabilities-access laws.

"From our perspective, they are not regulated, and the impact on the neighborhood is hard as well," Smith said. "They don't pay the same taxes, we have seven percent sales tax and six percent room tax, so I would think the municipalities would care."

While hotels and motels have commercial fire safety systems that most homes don't, "our hosts are sharing homes in which they live, and we encourage them to meet standards and provide safe environments for their guests, and to be good neighbors," said Airbnb spokeswoman Liz DeBolt Fusco. "There are also a lot more boutique inns and bed and breakfasts now using the platform."

How much Airbnb rentals are hurting hotel business is hard to know, Smith acknowledged. "For us personally, we're up year-over-year, but I believe there is a certain percentage of revenue we don't receive because of Airbnb," she said.

With the Saratoga Race Course's eight-week racing meet having just concluded, city officials are waiting for firm numbers of hotel and motel room occupancy, but Saratoga County Commissioner President Todd Shimkus said this week he believes Airbnb rentals are having an impact on the city's hotel business.

There may also be an impact on city and county room tax collections. In the Capital Region, Airbnb has agreements to pay room occupancy tax on behalf of hosts in Schenectady, Fulton, Montgomery, Schoharie and Rensselaer counties. Airbnb currently has agreements with 29 counties outside New York City and Long Island, DeBolt Fusco said.

"We reach out to all the counties we do not have agreements with," she said.

Bureau and City Center, a large part of our funding mechanism is from hotels and motels and bed and breakfasts, but there is no mechanism in state law that lets us collect that revenue from companies like Airbnb," said Ryan McMahon, the City Center's executive director.

But those properties are benefiting from the marketing and promotion done by the bureau, the chamber of commerce, and us at the City Center, yet not doing any of the financing mechanism that lets us do that."

Airbnb supports legislation that would establish statewide rules for Airbnb and similar services to collect local room and sales taxes.

"As we mark yet another historic summer and look ahead, our goal remains to work with the state and counties to ensure short-

term rentals can continue to play a strong role in the New York economy, including by generating hundreds of millions of dollars in tax revenue," said Josh Meltzer, head of Northeast public policy for Airbnb.

Local businesses are also trying to sort out the impact of this year's change in the racing schedule, with the track open for longer, but with racing taking place only five days a week, instead of the traditional six days a week.

Putting further pressure on individual hotels, the competition among licensed lodging facilities has grown: Saratoga Springs area has also added hundreds of new hotel rooms in the last 15 years, with new chain hotels opening in both downtown and in outlying parts of the city, and a number of new hotels also opening in the Malta and Clifton Park areas, less than 20 minutes from Saratoga.

"Saratoga is still a great destination to visit, and we welcome all visitors," Leggieri said.

Airbnb last week also released summer numbers — much lower numbers than in the Capital Region — for the Mohawk Valley. It concluded that Old Forge, Utica, Gloversville, Long Lake and Rome were the top destinations, with most of those visitors coming from elsewhere in New York state.

Reach Gazette reporter Stephen Williams at 518-995-3086, swilliams@dailygazette.net or [gazettesteve](https://twitter.com/gazettesteve) on Twitter.

Airbnb guest arrivals

Memorial Day through Labor Day

County	No. of Guests
Albany	21,500
Fulton	3,300
Montgomery	1,100
Rensselaer	7,100
Saratoga	60,000
Schenectady	5,500
Schoharie	1,200

SOURCE: AIRBNB

Airbnb Summer Arrivals Could Represent Significant Additional Demand

County	Airbnb Summer Arrivals	Summer Hotel Demand	Airbnb Arrivals as % of Demand
Saratoga	60,000	260,846	23%
Warren	50,100	459,440	11%
Greene	32,100	107,068	30%
Albany	21,500	479,849	4%
Rensselaer	7,100	69,133	10%
Schenectady	5,500	74,312	7%
Fulton	3,300	19,643	17%
Schoharie	1,200	17,812	7%



Questions?

Hannah Smith

hsmith@str.com



**HOTEL DATA
CONFERENCE**
Hosted by STR and Hotel News Now

© 2019 STR, Inc. All Rights Reserved.

Any reprint, use or republication of all or a part of this presentation without the prior written approval of STR, Inc. or STR Global, Ltd. trading as STR (collectively "STR") is strictly prohibited. Any such reproduction shall specifically credit STR as the source. This presentation is based on data collected by STR. No strategic advice or marketing recommendation is intended or implied.

Benchmarking
↑ your world